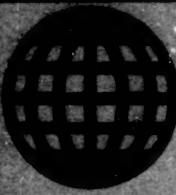


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CZECHOSLOVAKIA

New Initiative Expected From Government
24000015 Prague RUDE PRAVO in Czech
25 Oct 88 p 1

[Article: "What Pertains Only to the Government"]

[Text] On every workday 7-1/2 million inhabitants of our country start on their jobs. They rightly expect that their various activities will be so managed as to mutually complement each other and the results of their work will then form the greatest possible amount of useful values. It is evident that such a goal can be achieved only if the whole huge production organism is consistently managed from a single center.

But experience shows that people do not always have their work prepared, the organization of national production falters and the workers rightly claim that the government shares the responsibility by not discharging its duties consistently.

The October resignation of the federal government, the second now this year, was and probably for some time will be, the subject of lively public discussion. Much is expected from the new changes in the federal government. They should, first of all, make certain that government action will be more decisive, more consistent and energetic, that the central authorities will truly govern, as was brought up at the 10th session of the CPCZ Central Committee.

But the main thing that awaits the central government is to initiate new forms of work. Even the greatest efforts of individual members of the government cannot produce the expected results if they continue to use the same methods of management as in the past. Thus the requirement to restructure the style and methods of work also applies to the government.

A problem of fundamental importance is to delineate the boundaries between responsibilities of the government and of the khozraschet sphere. The recent television appearance of certain ministers on current problems of pricing and shortages of supplies on the market elicited lively interest. It is praiseworthy that members of the government are actively appearing before the public and explaining the causes of the problems, telling of the corrective steps being taken and thus refuting rumors. Surely, however, the question must have arisen as to why shortages of certain sanitary supplies had to be explained and resolved on the ministerial level? One day these items are in short supply but tomorrow there may be a shortage of something else. Problems of supplying the market obviously have a deeper root. But is it possible for all 350,000 kinds of products to be monitored by the ministers directly? It is possible but what are the practical consequences? That the central government will be looking after individual items and then not have the

strength and energy to remove the main causes, market imbalances, lack of ideas in regulating investment capital, pricing problems, etc. And no one else can do this for it.

Where conceptual problems are not clarified improvisation follows upon improvisation in a vicious circle. Unfortunately, excessive executive action often replaced the structure of activity of central offices. There was an actual case in which a deputy minister had to hunt up anchor bolts in order to start operations of a special machine tool. It had escaped the central office that the very concept of ensuring production was probably not the best. Ministers, their deputies and the staffs of central offices, therefore, can try as hard as they like but if executive action prevails in their work then they can expect no improvement in management. The government must show greater concern for conceptual problems and shift operations onto the shoulders of the khozraschet sphere.

The delineation of new areas of responsibility, however, is not possible under the current administratively directed plan specification. In itself it assumes that every action, even down to the smallest production cell—the working collective—will be enveloped in a shroud of orders and regulations. But modern production is not run that way. Therefore, the central authorities, as the new government emphasized at its first session, in the future will have to rely chiefly on economic methods of management.

Of course the public is not hearing such resolutions for the first time. The problem is that the economic instruments have not been prepared; they have to be set up and at the same time the whole economy has to be prepared for their operation. Meantime, we have, however, arrived only up to the more easily implemented legislative reforms and reorganizations in the banking and credit system and financial structure. The complex problem of pricing, working out economic norms of management, eliminating monopolism, radical changes in the production structure, in fact the main pillars of restructuring methods of management have remained essentially untouched. The public rightly expects that the new central government will be more energetic and consistent in setting up conditions for the functioning of the economic instruments.

In connection with this task, however, it is also necessary to vigorously reject certain overhasty views of theoreticians and also the lay public, that restructuring actually means only one thing—that the central government get out of the way. We are in a period of transition when we cannot suddenly abandon all forms of direct management before the economic instruments replacing them are ready. That would lead to another extreme—instead of excessive centralism there would be anarchy.

At the first session of the government its new premier, Ladislav Adamec, emphasized that in spite of all the government's efforts to concentrate on questions of

concept and perspective, it cannot avoid administrative intervention in the khozraschet sphere. This is not a step backward but at the present time it is the only possible solution. In the meantime, while the new system of plan specifications is being implemented, there is not such order in price and other value instruments that it would be possible to completely dispense with executive decisions which in this or that case may appear to enterprises to limit their independence.

Finally, at party sessions—and recently also at the all-union conference—there was often criticism that enterprises are individually declaring independence and they see the way to profits chiefly by dictating prices to buyers. Each enterprise behaves only the way the central offices allow it to. If, therefore, economic instruments do not suffice to regulate the enterprises properly then it is the responsibility of the central offices to exercise their authority and provide for the needs of society even by directive measures.

One of the big afflictions in the work of the central government up to now was also particular departmentalism. Though every minister is assigned a department for whose operation he is responsible, with respect to khozraschet enterprises the government must act as the sole authority. In the meantime, we came across more than one case where members of the government uncritically defended the interests of their departments and tried to obtain for them the lowest possible plan and the largest amount of investment capital. Not infrequently we witnessed mutual accusations by representatives of ministers: our department would do thus and so if the other did not hold things up. So if the ministers cannot come to agreement it is hard to expect enterprise directors to do it for them. Close departmental interests begin in the government and they must be extirpated from there as soon as possible.

There is a great deal that has to be changed by the central authorities. It cannot be done at once, by force. That is understandable. Seven and one-half million people who go to work every day must, however, feel that what is being constantly repeated to them ad infinitum—you have to work in a new way—will be exemplified by the central government.

Uncontrolled Construction of Summer Cottages Criticized

24000014 Bratislava *PRAVDA* in Slovak 19 Oct 88 p 4

[Article by Marta Husakova: "They Are Growing Faster Than Mushrooms After Rain"]

[Text] Over the past 20 years it has become almost an obsession to own a house in the country in the most beautiful landscape, or at least a cabin in suburban gardens. Our state agencies—the national committees—tried to encourage this interest of our citizens. To promote particularly gardening as a hobby, our national

committees adopted decisions which obligated them to locate appropriate plots of land and make them available to members of gardening clubs. This was both sensible and desirable because it helped substantially improve supplies of vegetables and fruit; some gardenings colonies are now able to sell their excess production to processing enterprises and cooperatives.

Unfortunately, the proliferation of building projects also led to considerable untoward consequences. Some truly unique natural sites have been literally defaced by tasteless monstrosities, not to mention the bad ecological effects, because many builders failed to observe our laws, and built wherever they pleased and whatever they wanted. I remember that in the 1970's it was an almost commonly accepted practice to build even without a permit from the national committee. At a later date a fine of Kcs 500 was paid and thus, the building was retroactively legalized and the required permit obtained. This way quite a few "black" buildings got "white-washed" in the past. Also, people would not build just little cabins on their garden plots but residential houses. At that time our national committees seemed unable to cope with lawlessness. In some communities they would order demolition of such a house, but its owner would immediately present a list of scores of other buildings that also had been built illegally and legalized only after they had been completed. He had every right to ask why should he be penalized while others could get off scot-free.

The situation that followed compelled the SSR government in 1985 to adopt a special decision on gradual liquidation of illegally built private weekend cottages. That decision is not easy to implement because in the end past mistakes are always the most difficult to correct, as confirmed by the efforts of the East Slovakia Kraj national committee over the past 3 years. At a recent meeting of its council it was noted that in East Slovakia at the beginning of 1988 there still were 95 private cottages built without proper building permits, of which 30 weekend cabins received retroactive permits. Demolition orders were issued for 27 buildings, and no decisions were reached in 38 cases of structures erected without permits. For example, 6 cases in the okres of Humenne, 8 cases in the okres of Presov, and 4 cases in Vranov are still awaiting word from the Ministry of Forest and Water Economy and Wood-Processing Industry of the SSR. Likewise, a legal decision concerning such properties by the civil court is still pending in 9 cases in the okres of Kosice-Suburbs. This has dragged on for an unreasonably long time; for instance, the District Court for Kosice-Suburbs was unable to conclude a case in more than 2 years. Several litigations in the okreses of Poprad, Bardejov, and Vranov on the Topla River are blamed on the irregular procedures by sectors of territorial planning and building regulations (UP and SP) at the okres national committees.

"At its meeting the council of the East Slovakia Kraj National Committee," said Engineer-Architect Jitka

Sablikova, the chairperson of the UP and SP department of the East Slovakia Kraj National Committee, "reprimanded the member sectors of the okres national committees for not having systematically complied with specific instructions from our sector and in particular, with decision No 27/1987 by the council of the East Slovakia Kraj National Committee, whereby the councils of the okres national committees and the national committee of the City of Kosice were ordered to impose harsher penalties for illegal construction. Such penalties are often no more than token, without any real corrective effect; then, they do not function even as a deterrent for other builders. In this respect our most serious objections were addressed to the okres national committee and the municipal national committee in Roznava, the municipal national committee in Presov, and the okres national committees in Trebisov and Poprad.

Moreover, many garden cottages have also been built illegally. A survey conducted in our kraj serves as a basis for the registration of all garden colonies. What has it disclosed? As of 1 January 1987, 8,184 of the 10,908 garden cottages in this kraj were built with, and 2,724 without a permit. The survey revealed that as of 30 June 1988 there were as many as 12,383 cottages, of which only 9,849 were built with a valid permit. In order to comply with decision No 329/1985 of the SSR government, the national committee issued retroactive permits for 2,182 structures, and only 72 demolition orders; 280 cases remain unresolved.

The most arbitrary situation in the construction of garden cottages appears in the vicinity of our kraj's center, the city of Kosice. Its national committee and especially county national committees have not dealt with these problems, as evident from the fact that the initial survey registered substantially fewer cottages than their actual number. However, the subsequent survey shows no less than 1,040 additional cottages. Much could be said about the legality of the permits granted, because from 1950 to 1976 the municipal agencies in question used to allow all kinds of buildings in garden areas—family houses, weekend cottages, makeshift cabins, and so on. Nothing much can be done about that at this point because our citizens have built such structures on the basis of legal building permits, and the statute of limitation for administrative action has already expired.

Furthermore, it is a moot question whether the retroactive building permits issued after 1985 followed due process, since the area of 329 buildings of the legalized 2,182 garden cottages exceeds 16 square meters. The fate of 280 illegal buildings in garden colonies remains in the hands of national committees. Most of them—176—are located in the cadastral area of the town of Poprad and in the okres of Stara Lubovna; 48 cottages in the garden colony in Novy Sad are awaiting decision. The okreses of Bardejov, Presov, Roznava, and Svidnik also have much to correct.

The above facts confirm that there are really many sins of the past. Therefore, in conjunction with the implementation of the above decision of the SSR government,

the council of the East Slovakia Kraj National Committee expressed its legitimate dissatisfaction to the chairman of the okres national committees in Bardejov, Poprad, Stara Lubovna, and Vranov on the Topla. The construction for recreational and hobby purposes must be put in order; as the saying goes, our national committees must clear the table.

However, we cannot go to the other extreme and ban all construction in the future. Wherever possible, our citizens should be met halfway. Appropriate locations should be found, and urbanistic surveys promptly approved. Because our planning agencies failed to fulfill their economic duties, the processing of urbanistic studies for 24 communities is now behind schedule, which indirectly causes tensions—our citizens are losing patience. For that reason, directors of our planning agencies richly deserve blame for their failure to come to grips with the demands which are before them. This view is shared by Engineer-Architect Robert Ondrejka, director of the department for territorial planning, building regulations and architecture at the SSR Ministry of Development and Construction. Due to delays in planning and consequently, to the shortage of building sites, our public is taking a dim view above all of the employees of national committees.

GERMAN DEMOCRATIC REPUBLIC

SED's Preeminent Political Role Outlined
23000033b East Berlin *EINHEIT* in German Vol 43
No 10, Oct 88 (signed to press 14 Sep 88) pp 877-883

[Article by Prof Kurt Tiedke, member of the SED CC and rector of the SED CC's "Karl Marx" Party College: "The SED: Core of the Political System in Our Country"]

[Text] The theses, "Seventy Years of Struggle for Socialism and Peace, for the Well-Being of the People," published on the occasion of the 70th anniversary of the KPD, document and corroborate this: It is the historic distinction of the KPD that it—the working class party—was the only German party that always pointed the way to peace and social progress, to a secure future. If the KPD orientation had been given appropriate attention prior to the night of fascism, mankind would have been spared the tragedy of the century—the establishment of the fascist dictatorship in Germany and World War II—and the German people would have been spared in the split of Germany.

One reason for recalling this state of affairs is that, mainly in the FRG, some people would like to blame our party for "lacking resolve" in the revolutionary transformation of social conditions. The whole history of our party defies such an insinuation. The theses referred to mention concrete classes, parties, and persons also that

advocated responsibly and always at the proper time the necessary social transformations, as they also mention those who always slavishly held on to the capitalist exploiter system and, afraid of social progress, split Germany apart. That, precisely, those conservative forces and notorious historical brakemen with regard to social progress would like to advise use in matters of social transformations makes us suspicious right from the start.

Anyone dealing without preconception with the genesis and development of the GDR and this revolutionary transformation process can see clearly that the triumph of the socialist revolution, the establishment of the workers and farmers power and the successful shaping of the developed socialist society on German soil mark the greatest achievements of decades of struggle by the revolutionary German workers movement and all progressive forces of our people. Literally out of ruins there arose for the first time on German soil a democratic state which developed stably despite all the assaults, hostilities and lies and implemented the great ideals of the people: doing away with the exploitation of man by man, freedom and democracy for the citizens, social security and assurances about the future, and a consistent advocacy of peace and international understanding.

In this revolutionary process the GDR's political socialist system evolved and has been and is being further developed in conformity with the specific conditions and concrete requirements of our country and with regard for the progressive traditions of our people, its customs and mores—all under the leadership of our revolutionary working class party. "In nearly 4 decades our party has developed a system of political and economic leadership that accords with the givens in the GDR, and it keeps perfecting it steadily."

When we got started—after the world historic victory of the glorious Soviet Army and of all forces of the anti-Hitler coalition over fascist barbarism—the fundamental task in Germany was to eradicate fascism and war and destroy the political and economic power of the monopolies, militarists, and land owners. It was a matter of surmounting the rule of those forces which Karl Liebknecht in 1915 already had defined as the chief enemy standing in our own land, and of establishing a state in which the people hold the power. That was the precept of the hour. One had to act in line with that precept.

Having done all it could to avert fascism and war, the KPD now assigned itself the complicated task of leading the German people out of the catastrophe that fascist German imperialism had caused. "With its 11 June 1945 central committee appeal, the KPD presented a conception for an antifascist-democratic rebuilt Germany, ripened through long years of efforts and in conformity with realities in a free land bleeding from a thousand wounds."² Frankly, honestly, and scientifically, the KPD revealed the causes of fascism and war to the German

people and set out for the next great goal, that of establishing an "antifascist, democratic regime, a parliamentary-democratic republic with all democratic rights and freedoms for the people."³

Through this strategically significant document, which the KPD offered as a platform for a discussion on the collaboration of all antifascist-democratic parties and organizations, and which attested to the creative application of the Marxist-Leninist theory to the conditions in Germany and to a thorough absorption of its own and international experiences, Ernst Thaelmann's party demonstrated "its grown maturity and its being called to become the leading force in the antifascist-democratic transformation history had placed on the agenda, by which socialism was to break through also on German soil."⁴ Despite all imperialist intrigues, the GDR, led by the working class and its Marxist-Leninist party, developed into a stable socialist state in a unified revolutionary process, a cornerstone of peace and socialism in the heart of Europe.

The Skill of Political Leadership—the Full Use of All Advantages of Socialist Society

After the triumph of the socialist production relations in the GDR, these experiences had to be generalized and new party strategy and tactics, conforming to the new conditions, had to be elaborated. The seventh party congress marked a turning point in the history of socialist construction in the GDR in that it in every way explained all the tasks that would have to be solved through shaping the developed socialist society and resolutely turned the meaning of socialism, to do everything for the good of the people and the interests of the worker class and of the other working people, into the focal point of SED policy through the main task it had issued, the organic linkage between economic and social policies. The GDR has made good headway in all areas with the implementation of this course of integrating economic with social policies. And thus the last decade and a half became the most successful period of social advances in our country.

The transition to intensive expanded reproduction, accomplished at the right time in the GDR, again made new and far-reaching demands on the party and its theoretical and practical-organizational activity. Prerequisite to exercising the party's growing leadership role in the further shaping of the developed socialist society was, is and remains the creative application of Marxist-Leninist theory to the concrete conditions of the struggle. And what mainly matters here and will continue to matter is that all advantages of the socialist society are exposed still more comprehensively and are used still more effectively for coping with the scientific-technical revolution. Here the party response of principle concentrates on the objectively set new requirements. Thereby it was made clear that only on its own premise can

socialism be further developed so that any "transplantation" of elements or circumstances from the old organism into the new socialist organism is precluded. Society, as Karl Marx underscored, expresses the sum of relations and connections of individuals among each other. Among these relations and connections there are system-conditioned interactions where each economic relationship presupposed another. The development of such an organic system "simply is to subordinate all elements of society or create organs still lacking from out of it."⁵

Developing out of socialism all "organs still lacking" has required and will still require in the future, however, a deep penetration of the objective inevitabilities of socialism which—as the eighth party congress emphatically enunciated—can neither be made to prevail spontaneously nor "outwitted."

Relying on Marxist-Leninist theory and a thorough all-round analysis of the developmental stage achieved, the SED came to the conclusion that the shaping of the developed socialist society is a revolutionary process of penetrating political, economic, social, and intellectual-cultural changes embracing all spheres and domains of public life, with its essential substance being that "all advantages and impulses and all sides and domains of public life are developed at a high level according to plan."⁶

The chief advantages of the socialist social order are that here the working class in its alliance with all working people and under the leadership from its revolutionary party exercises power, the decisive means of production belong to the people, and on this basis a planned development of all sectors of public life takes place in the interest of all classes and strata. Through the deliberate use of all advantages of socialism, scientific-technical progress becomes social progress.

Marxism-Leninism, as one knows, conceives of the productive forces and their uninterrupted development as the revolutionary element, the starting point and basis for all social development. Yet the rate of this development and the social effects brought about thereby, and also the contradictions arising in this development and their solutions, crucially depend on the production relations and their development, on the society-shaping capacity of the political system. Therefore, our party directs all its attention toward consolidating the workers' and farmers' political power so as to ensure, on the basis of the socialist planned economy and the development of working people initiative, a fast speed in the use of science and technology. Creating optimum development conditions for the productive forces is of fundamental importance for the further implementation of our economic strategy, which constitutes the core of our social strategy.

Even during the initial years of Soviet power, Lenin had pointed out that realizing the purpose of socialism was determined by the development of the workers and

farmers power. Taking issue with non-Marxist conceptions by Trotsky and Bukharin, he had brought out that "politics is the concentrated expression of economics" and that "politics of necessity has primacy over economics."⁷ In this context he asked for approaching economic issues politically. Using the correct political approach to solving economic tasks meant to Lenin: doing everything for the working people and with them through motivating and mobilizing their participation.

Proceeding from there, our party developed the principles for the leadership role of the workers party and its alliance policy in the further shaping of the developed socialist society. At the eighth party congress already, in close connection with the tasks of perfecting the GDR's political system, Erich Honecker emphasized: "For more than 2 decades the working class has exercised power in the GDR. It created our state and rallied all the working people around itself. It lent the new society its human traits and militant qualities. Working class rule—that is the point on which ultimately concentrates the esteem of our friends and all the hostility of our adversaries in the world. Precisely for that reason we shall guard the power and leadership position of the workers class like the apple of our eye and make it ever more perfect in the further shaping of socialist society."⁸

Clarifying, as a matter of principle, the leadership role of the workers class in the shaping of the developed socialist society and the further elaboration of the party's alliance policy were based on a sound scientific assessment of the classes and strata and their perspectives in socialism. Our party made unequivocally clear that socialism knows no secondary classes and strata, that the class of the cooperative farmers, the intellectuals, the craftsmen and tradesmen have a far-flung perspective in socialism to the all-round consolidation of which they can make a significant contribution. Our experiences have unequivocally proven that the objectively established leadership of society by the workers class and its Marxist-Leninist party in no way diminishes the position and achievements of the other classes and strata of the people but that, rather, the workers class creates—a first in history—all conditions for the full unfolding of all the people's creative capacities.

Relying on a sound scientific social strategy that has met its test in life, the SED could and can fulfill its function as the core of the political system of socialism precisely by the fact that it focuses the social activities of all of the people's social forces on the strategic goal, whereby to unfold ever more productively the people's capacity for the exercise of political power, exponentially increased. Socialism is for everybody and needs the deeds of all—this program maxim is a cornerstone of the SED's social strategy. All citizens, irrespective of their social origin, world-outlook and religion, are drawn into the democratic participation for the good of the people and are given fundamental opportunities for their personality development. The SED has brought out clearly in its

program that the socialist state, as a form of the dictatorship of the proletariat representing the interests of the entire GDR people, is importantly committed to that concern.

Through our party's entire theoretical and practical activity, the historically grown political socialist system in the GDR, including SED bloc policy, is being further extended. "This SED bloc policy had nothing in common either with the social-democratic coalition policy or with any bourgeois variety of political 'pluralism.' It is inherent in Lenin's realization that the revolutionary working class party needs such an alliance policy to establish socialism for once and for all and to strengthen it."⁹

Perfecting socialist democracy is the chief thrust in which socialist state power will keep developing in the GDR. The proven system of our socialist planned economy, with the combines as its backbone, is being consolidated on the basis of democratic centralism and linked more and more closely with the creative initiatives from the working people in the enterprises and territories, with the broad spread of socialist democracy. What is happening practically in public in the GDR confirms the irrevocable truth here that spreading socialist democracy is impossible without boosting the leadership role of the Marxist-Leninist party and without its assuming its growing leadership responsibility. Only through its theoretical, ideological, and organizational efforts, does it, after all, create the prerequisites for mass creativity. SED experience corroborates: without revolutionary theory, no revolutionary practice.

Being a Communist Means Implementing the Party Decisions in an Exemplary Way

From the growing role of the Marxist-Leninist party in shaping the developed socialist society there follows of necessity the need for systematically boosting the fighting strength of each party organization and of the spreading of substantive and constructive intra-party life. Experience teaches that such party-life is a crucial condition for the communists' initiative and creativeness and, hence, for increasing the party's fighting strength. To a special degree Lenin's remark applies today that communists have to be formed "who are deeply rooted in the workingmen's life and can earn the limitless trust of the masses through their comradely attitude toward them and the fastidious satisfaction of their demands."¹⁰

The strength of the party is found above all in its mass solidarity. There is not one socioeconomic problem that could be resolved without active working people participation. That is all the more so today when the working people command constantly growing experiences and a fine education, coupled with the ability technologically to upgrade production processes at short shrift. Such a state of affairs gives rise to new conditions and tasks for party organization activity. "An economy the capacity of which increasingly relies on the ability of people to

control up-to-date high technology needs, to prosper, a creative climate all throughout public life."¹¹ The production and introduction of high-tech and key technologies, the qualitatively novel link between science and production, and especially the radically changing place of man in the production process make new demands on party work in that, after all, the comrades' political-moral traits and modes of conduct, their firmness in principles and bonds with life, their militancy and role-model effect largely control how the new tasks are being dealt with. Our intra-party life thus is never an end in itself but is always aimed at enhancing the basic organizations' fighting strength and radiation. We always make successful headway wherever the party organizations foster the kind of political climate in the work collectives in which all industrial affairs are openly discussed with the working people and their suggestions and propositions are responsibly picked up and implemented, where, in other words, a relevant working style has been fashioned. Time and again it is being shown: New mass initiatives are generated wherever intensive party work is done, where the communists face the new requirements unstintingly, make use of the best experiences, and with rich initiatives function as models in the trade union, FDJ, and work collectives.

The party's ideological-theoretical and political mass activity is aimed at the further development of the working people's socialist consciousness, at enabling the people—as Friedrich Engels put it—at applying the "laws of their own social action that had previously confronted them as alien natural laws controlling them, with full expertise," at making "in full awareness" their history themselves, so that "the social causes they themselves have put into action will, primarily and increasingly, produce the intended effects."¹² Therefore the communists' work among the working people also always is an important democratic process enabling millions to act with awareness.

Socialist consciousness is more and more definitively becoming a fundamental condition for ever more effectively linking the advantages of socialism with the scientific-technical revolution. It has a feedback on setting up the new scenery today to an extent unlike any other social order could do so. Exploiting such an advantage at a maximum effect is up to well organized party work. Patently, the socialist social system, in diametrical contrast to the capitalist exploiter system, is no system "above and beyond man." Neither can it be created through manipulating mass opinion nor can it be kept going through borrowings from the bourgeois ideology. This social order is the conscious and creative work of the liberated people itself. The working people in our country not only affirm the party course toward shaping the developed socialist society, they have themselves contributed to decision-making with their ideas, propositions, criticism and proposals and so helped bring about a policy with which they can fully identify, it being their own policy.

In talking about the confident dialogue between the party and the people, we imply the reciprocity in the process of instruction and learning. This is a process that strengthens the trust between party and people all the more, the more sensitively the communists react to all the questions, propositions, experiences and criticisms of the working people and straighten out together with them whatever is not yet in good shape. That precisely is the reason why the party organizations emphasize the performance comparison as a proven, constructive-critical leadership method used by the party. It is constructive in that the goal and the way to it are regarded as belonging together, and it is critical in that the achievements of the best units are made the yardstick for all.

The consistent generalization of the experiences of the best units and the use made of them bestow concreteness and purpose on management activity. This orientation to pointing ahead, to mass creativeness, wholly conforms to the essence of our Marxist-Leninist world-outlook. The party capability of politically leading the masses and of learning from them becomes manifest, precisely, in rapidly grasping what is new in the thoughts and moves of successful work collectives through effectively turning it into common experience—which also helps surmount constructively whatever is inadequate. Such a procedure proves utterly efficient for gaining high achievements and developing the personalities and collectives as self-assured builders of socialism. What this amounts to, in other words, is—in the Leninist sense—fully unfolding the people's conscious creativity. Lenin wrote: "A 'negative' slogan unconnected with a definite positive response does not 'sharpen' consciousness but blunts it because such a slogan is empty babble, mere noise, vacuous declamation."¹³

When we put into action the advantages of socialism for the benefit of the people, our enemies do not stand idly by, of course. So, especially today, they seek to make the impression they had reconciled themselves to real socialism and were intent only on its "improvement," on "more socialism," on the protection and "all-round safeguarding of the human rights." If one traces their hypocritical "points of advice" however, one finds they are aimed, as they were before, at a "socialism" without the people's power, without a Marxist-Leninist party, without the public ownership in the decisive means of production, and without central state management and planning. However sundry their proposals may be, these "reconditioners" of socialism know well enough that there is no socialism without a Marxist-Leninist party and policy and there can be no such.

Our party assumes the scientific-technical revolution is not a process confined to economic-technical problems. On the contrary: It embraces all sectors of public life. Its successful implementation and real use for the people are determined in socialism by the comprehensive development of the entire social system. In the capitalist countries, on the other hand, it is mainly the working class struggle that decides to what extent one succeeds in

bullying social concessions out of the monopolies. In using all advantages of the socialist social order for coping with the scientific-technical revolution, we optimistically face the confrontation between the two opposed social systems; undoubtedly, the system that will triumph must be the one that can provide the working people with the position they deserve as the creators of all values. And the social order which is going to lose is the one that subordinates the scientific-technical revolution and the productive forces it has created to the craving for profit and power, turning man into an attachment of the profit system.

A world and a time in which the old and the new social systems exist simultaneously the confrontation between the socialist and the imperialist ideology is objectively necessary. Engaging in it aggressively on behalf of men, peace, and progress is a basic concern and mission of our profoundly humanistic world-outlook. It wishes to enable men to comprehend the world the way it is so they can consciously assume their own interests and champion them resolutely.

Footnotes

1. Erich Honecker, "With the People and for the People We Are Implementing Our Party's General Line for the Good of the People," *Aus dem Referat auf der Beratung des Sekretariats des ZK der SED mit den 1. Sekretären der Kreisleitungen* [From the Speech at the SED CC Secretariat Conference with the Kreis First Secretaries], Dietz, Berlin, 1988, p 98.

2. "Seventy Years Struggle for Socialism and Peace, for the Good of the People. SED CC Theses for the 70th Anniversary of the Founding of the KPD, Resolution of the 6th SED CC Session, *EINHEIT*, No 7, 1988, pp 613-614.

3. "Working People in Town and Countryside! Men and Women! German Youth!" *Dokumente und Materialien zur Geschichte der deutschen Arbeiterbewegung*, Vol III.1, Dietz, Berlin, 1959, p 18.

4. "Seventy Years Struggle...," loc. cit., p 614.

5. Cf. Karl Marx, "Principles of the Critique of Political Economy," "Werke" [Works], Vol 42, Dietz, Berlin, 1983, pp 189 and 203.

6. "Programm der Sozialistischen Einheitspartei Deutschlands," Dietz, Berlin, 1976, p 19.

7. V. I. Lenin, "Once More About the Trade Unions, the Current Situation and the Errors of Trotsky and Bukharin," "Werke," Vol 32, Dietz, Berlin, 1961, p 73.

8. Erich Honecker, "All Our Strength to the Well-being of Working People—Central Committee Report to the 8th SED Congress," "Reden und Aufsätze" [Speeches and Essays], Vol I, Dietz, Berlin, 1975, p 181.

9. Erich Honecker, "On Secure Tracks," *EINHEIT*, No 4, 1976, p 411; "Reden und Aufsätze," Vol IV, Dietz, Berlin, 1977, p 298.

10. V. I. Lenin, "About the Role and Tasks of the Trade Unions under the Conditions of the New Economic Policy," "Werke," Vol 33, Dietz, Berlin, 1962, pp 177-178.

11. Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den XI. Parteitag der SED" [SED CC Report to the 11th SED Congress], Dietz, Berlin, 1986, p 54.

12. Friedrich Engels, "Anti-Dühring," "Werke," Vol 20, Dietz, 1962, p 264.

13. V. I. Lenin, "About a Caricature of Marxism and About 'Imperialist Economism'" "Werke," Vol 23, Dietz, Berlin, 1986, p 66.

EINHEIT Summaries of Selected Articles in October 1988 Issue

23000033a East Berlin *EINHEIT* in German
Vol 43 No 10, Oct 88 (signed to press
14 Sep 88) pp 866, 959

[Text]

[Summary of article by Prof Kurt Tiedke, member of the SED CC and rector of the SED CC's "Karl Marx" Party College; pp 877-883. A full translation of this article is published in this report.]

The SED: Core of the Political System in Our Country

What does our party's alliance policy strategy rely on? How does it acquire the real leadership capacity to live up to its growing leadership role as the core of the political system of socialism and lead politically our society's penetrating process of change and maturation? What are the sociostrategic priorities on which it concentrates its ideological-theoretical and practical-organizational efforts to mobilize all political and social forces in our country for bringing the socialist advantages and impulses still more comprehensively into effect?

[Summary of article by Prof Dr Michael Benjamin, research prorector in the GDR Academy for Political Science and Jurisprudence; and Dr Guenther Seiler, deputy chief of the department for political and legal matters under the GDR Council of State; pp 884-888]

People's Representations and State Apparatus

The people's representations as the basis for the system of the state organs. What competencies do the People's Chamber and the local people's representations possess, and what characterizes them as working corporate bod-

ies? How do the people's representations and the state apparatus relate to one another. Out of the further perfecting of socialist democracy demands arise for a greater efficacy of the people's representations and a more expert activity of the state apparatus and its associates.

[Summary of article by Friedel Harder, political associate in the SED CC; pp 889-893]

Our Proven Collaboration With Friendly Parties

About the creative elaboration and consistent implementation of the SED alliance policy as it accords with our national conditions and requirements and with the dynamics of socialism. The place, specifics, achievements, development, and perspectives of the friendly parties within the political system of socialism in our country.

[Summary of article by Dr Klaus Ahrends, research chief at the Institute for the Political Economy of Socialism in the SED CC's Academy for Social Sciences; and Prof Dr Hans Lust, deputy director of the Institute for Scientific Communism in the SED CC's Academy for Social Sciences; pp 894-899]

Cooperatives in the GDR

What is the role the union idea played in the German labor movement, and what are the traditions the labor unions in the GDR can look back to? The variety of labor union forms as an organic component of socialist production relations. The SED's creative trade union policy, the functioning of intra-labor union democracy, is documented, first and foremost, with reference to the agricultural producers cooperatives. The all-round promotion and support of the trade unions by the socialist state.

[Summary of article by Dr Hans Reichelt, deputy chairman of the Council of Ministers and Minister for Environmental Protection and Water Management; pp 907-916]

Rational Use and Protection of Nature—A Global Task of a High Order

Shaping the relation between man and nature is a fundamental question of social development. Why does the preservation and protection of the environment compellingly demand the prevention of nuclear war? What is the aim in the demand for ecological safety as a global problem? On the substance of the GDR's environmental policy as a part of its overall policy. The rational use and protection of the water and air purification demand high efforts.

[Summary of article by Prof Dr Gerd Friedrich, deputy chairman of the Central Institute for Socialist Industrial Management under the SED CC, corresponding member of the GDR Academy of Sciences, chairman of the council for matters of economic management; pp 917-923]

Accelerating the Reproduction Process and Ensuring High Flexibility in the Combines

Combine management is under the constant challenge to produce at favorable prices high-grade products for our population, our economy and the foreign markets and to offer them proper as to schedules and demands. What consequences derive from that for the use of information and automation technology? How can the combines' reaction capability be increased through a demand-oriented management of the reproduction process? What are the demands that arise in terms of involving the working people?

[Summary of article by Prof Dr Hans-Joachim Beyer, research chief at the Institute for the Political Economy of Socialism in the SED CC's Academy for Social Sciences; pp 924-929]

Labor Productivity Boost and Cost Reduction—Demands of Comprehensive Intensification

The basic growth requirement of our economy today is to produce the entire growth of our national income out of higher labor productivity. That calls for making the qualitative growth factors effective in their complexity. And that must find its expression in a perceptible cost reduction. What does this mean for industrial management and combine management activity?

[Summary of article by Dr Heidrun Radtka, head of the Woman and Family Research Area in the GDR Sciences Academy Institute for Sociology and Social Policy; pp 930-936]

Women in Management Functions of Science

With science as example it is discussed how the assignment of women to management functions taps new areas for their personality development in the overall social interest. How should results and tendencies thus far be assessed? How can we more comprehensively and consistently use the extant prerequisites of appointing women lecturers and professors? About the reasons for the in part still unsatisfactory status of appointing suitable women to responsible functions. On the compatibility between maternity and management activity.

[Summary of article by Prof Dr Helmut Bock, Central Institute for History at the GDR Academy of Sciences; pp 937-946]

Bourgeois Revolution and National Wars

The 1813-14 war of independence with the battle of Leipzig as its climax was the biggest mass rising of the German people since the Peasants' War of 1525. How to commemorate that war? How to pay tribute today to those combative reform politicians and the militant patriotic people's masses, when now nothing higher is valued than placing all thoughts and acts definitively under the precept of international peace and progress?

HUNGARY

Party Control Over Economic Forms Sidelined by Partnership Law
25000037a Budapest MAGYAR HIRLAP in Hungarian
13 Oct 88 p 3

[Article by Istvan Matko: "Politics"]

[Text] While on the floor of the parliament the draft partnership law submitted by the minister of justice was sailing, without objection and with the fanfare of unanimous approval, toward legalization, some 200 kilometers away in a far more modest hall, a party secretary was fighting a rear-guard battle. To the extent some of the rumors we have heard can be believed, they were using the charge (or pretext) of capitalism to protest against the establishment of an American-Hungarian joint enterprise. What will happen to the party's right to intervene and to assert its control over cadre selection, they asked?

Although subsequent denials and public statements to the contrary have tried to make us believe that the veto attempt in Oroshaza never happened, the case has caught our attention. Was it really the party secretary's initiative that was anachronistic, or the views expressed by those who in the name of rationality and the collective interest voted for the joint enterprise? Or to put it differently: will we have to face similar conflicts in the future when—hopefully—the active capital actually arrives in Hungary, along with all of its consequences? Moreover, what will happen if as a result of the partnership law private capital—here at home—suddenly decides that the time has come to forget about luxury constructions and prestige consumption, and to become involved in production instead? If several people then pooled their money, and.... But I should stop here, for the passing of the new partnership law (PL) is, among other things, a manifestation precisely of society's demand to allow private capital to become involved in the process of reproduction.

Even a quick glance at our brand new law should make it clear to all: a fully legal foundation has been laid for facilitating a mixed economy. Even 100-percent privately owned enterprises, employing as many as 500 people may be legal. Everything we have learned about the operating mechanism of capitalist owned properties, the capitalist and his employee, end of course the relationship between them is now legal. Still I do not think that it would be appropriate now to talk about the predatory laws of capitalism, for the original Marxian definitions—I dare say—do not apply in a country where there are also laws that guarantee the basic principles of socialism. It is precisely in the development of the democratic welfare states (Sweden, Finland, and generally speaking, in Scandinavia as a whole) where we find best proof that regulations based on a system of political institutions subjected to strict and constant social controls, and designed to insure social welfare, and on political decision making supported by public consensus, can appropriately and effectively serve the interests of

the employee, of the individual. Thus in most cases the predatory laws of capitalism have been tamed into requirements demanding consistent efficiency and productivity, the sanctioning of which is in our national interest for it promotes social advancement (progress). This hierarchy of legal values, however, is uniform in that neither system is willing to pay any remuneration to enterprises or individual employees engaged in unprofitable activities.

Excuse me for getting off the topic, but what does any of this have to do with the Oroshaza syndrome, you may ask? A great deal. For if we were willing to admit that we needed a partnership law, then let us also be ready to come right out and say that our governing party, the MSZMP, which has played a determining role in shaping our system of political institutions, must also change its methods and the manner and means through which it asserts its political will. This should probably also be done "up there" in the higher echelons, but it is definitely a must "down there" at the factory and enterprise levels. "Up there" the changes should be such so that they enhance the attainment of the general and comprehensive goals of social progress, for example, by firmly carrying out the party's personnel recommendations at the highest levels of leadership. One thing that will be unavoidable, however, is abandoning the use of enterprise and factory-level methods in favor of regional organization—pointed out Karoly Grossz in early September at the Political Institute—for the most expedient way of exercising political authority is not the way it is done today.

There is no reason to believe that the MSZMP would have to insist on retaining its veto power, for example, in the case of a 100-percent privately owned firm; the party organizations should still conduct regular debates anyway when appointing directors, managers, etc. The legal control authority (or, starting in 1989, the Court of Registration) will have the responsibility of ensuring that appointments of personnel are made in accordance with the requirements prescribed by law (i.e., irreproachable character, suitability, etc.); and this is perfectly sufficient. It is also unlikely that someone who is willing to risk his property and money—with a 50-50 percent chance of failing or making it—will permit anyone to tell him whom to use to manage, invest in, etc., his property. This is irrespective of whether the person is a foreign or local property owner. To stay with our example: it is perfectly natural for the American who wants to invest his money in the Oroshaza float-glass factory to look for someone who is first of all an excellent manager, a suitable entrepreneur and professional director in every respect. He will not even care if that professional happens, by our (old) norms, to be a politically reliable person. However, it is unlikely that he would agree to considering political reliability to be the deciding factor in making his selection. Can we blame him for this? Of course not. After all, in the world of business, profit and efficiency are the overriding criteria.

Incidentally, while we are on the subject of production, investment and work in general; we, too, should make these our most important criteria. In other words, the

ideal role of policy making in the economic decisions of factory-level party organizations should be not a direct, but rather an indirect one. For policy making in this sphere should concentrate on the final and most important goal, i.e., on ensuring that the performance of our country and national economy is what it should be, and that the system as a whole functions properly. If the system as a whole operates best when its components are dominated by business considerations, then it should be supported—with the full weight of our policies.

The model is far from being complete, and we are even less prepared to offer any recipes. But it does not hurt to have a clear understanding of the direction in which we are heading, and the concomitant effects of our currently evolving mixed economy. It will produce proprietors, in other words capitalists, capitalist interests, transformation of property relations and new forms of business. These developments should be neither surprising, nor frightening to anyone—they should be prepared for. Prepared for by way of thorough controls, appropriate interest protection and representation, taxation, and at the same time, also by offering long-term guarantees that will make it attractive for people with money, with capital, to invest in production. Obviously, during our next round of development it would not be helpful to have a weak union position, a sluggish state fiscal policy or unrestricted taxation.

The other day, at a meeting of one of our "policy-making" bodies, the Economic Consultative Committee, the question was raised: will we be able to handle so many uncertainty factors; is there not a danger that our reform will regress into a maze of illusions? Indeed the danger of this happening is considerable, for the doubts that are being voiced and the hard-hitting counterattacks that are being launched will present a tremendous challenge for the proponents of the reform. And also, I dare say, for our pro-reform government, the MSZMP, as well as their top and lower ranking reform-oriented cadres. One of the most popular arguments against the reform initiatives today is to assert that a mixed economy will place new burdens on our society. After all, it will mean the end of our citizens' right to guaranteed job security, full employment, free services and other benefits.

Yes, these kinds of illusions must indeed be dispelled, so that—by taking our actual situation into account—we can replace them with a hierarchy of values based on performance. If we fail to do this, we might lose everything. This would include the possibilities that have appeared in the political sphere.

Budapest Party Secretary Jasso on Internal Party Reform
25000042a Budapest NEPSZABADSAG in Hungarian
29 Oct 88 p 5

[Interview with Mihaly Jasso, First Secretary of the Budapest Party Committee by Ferenc Sztrapak: "Our Policies Are Shaped by Society"]

[Text] Even in terms of its sheer size, whatever is happening in the capital city is of key importance to the

Hungarian party movement. Here is where a quarter of the country's party members, some 200,000 Communists, live. All the efforts that effect such developments as the breakthrough, for example, at the May party conference are asserted in a concentrated manner here. As the committee's report quite rightly put it in its assessment of the conference: "By representing the views of the capital city party membership, and by taking a critical stand aimed at promoting renewal, the Budapest Party Committee has directly contributed to the preparation and adoption of the documents of the national party congress." According to all indications, the party committee continues to be an active and initiative-taking participant in the shaping of our theoretical as well as socio-economic reforms. Our leading bodies and basic organizations are faced with several important issues these days. They need to analyze the current state of the party movement, define and start working on the most urgent tasks and change their working style, all of which are necessary for building a strong party that relies on political persuasion. Recognizing the many dimensions there are to all this, our assistant chief editor Ferenc Sztrapak went to see Mihaly Jasso, the capital city's first secretary elected last June, to discuss certain new phenomena.

[NEPSZABADSAG] This week, the executive committee of the Budapest party organization adopted a proposal concerning the revitalization of the concepts of political openness and access to information. Within just two weeks, the leader of the debate, Mihaly Jasso, was a guest on the radio show "Kronika" [Chronicle], the TV program "Forum," and also had a chance to express his views in the press by answering questions addressed to him. What is your opinion about this increased publicity?

[Jasso] It is perfectly justified for anyone who has elected a leader, an organization, a council member or a parliamentary deputy to want to know more about the work of the people whom he has given his vote of confidence. The effervescence that ensued in public life in the wake of the party conference has only increased this demand. Not only have our political leaders been making more public appearances, but they have increasingly frequently been called upon at organizational meetings, in the press, on the radio and the TV screen, to account for their actions. Greater publicity satisfies a social need. It works well, if both those who are asked to state their positions, and those who solicit and convey those statements and responses through various means of the mass media act responsibly.

We Always Want To Take a Stand

[NEPSZABADSAG] According to an old prejudice, those who make frequent appearances are presumed to be building a "star" image for themselves. Are there any regulations at the top levels that govern who, when, where and how often can get the widest public exposure?

[Jasso] At one time there was indeed a strictly defined order whereby the party organization of superior authority had to pre-approve all statements and public appearances. Since the party conference, however, everybody

has been able to decide for himself what he wants to do or say before a given forum, on the radio or on television—provided, of course, that he has been called upon or requested to appear. This requires no advance announcement or permission of any sort. It is time for us to realize that fairness and modesty cannot be enforced by limiting the number of public appearances; these will manifest themselves in other ways in real life. Our leaders cannot be averse to the public's need to know; after all, publicity is also a form of control over the activities of the leadership.

[NEPSZABADSAG] How do you, as a leading and active party worker, assess the current position and state of the capital city party movement?

[Jasso] They used to say at one time, and today this is only partially true, that our party committee was an organ of implementation. Our organization, fortunately, has never accepted this assertion at face value. Our position as intermediaries between the Central Committee and the districts alone makes it imperative that we take part in the organization of the preparation and implementation of various political decisions by creating the necessary conditions for our district party organizations to make their voices heard. Merely "conveying down" the decisions from above would be too mechanical, and it has never been the only characteristic of our work. Life today requires far more independence, processing and adapting ability, and creativity of us. We always want to take a stand on timely issues and debates, where and whenever they may arise. The Budapest Party Committee is in a special situation that enables it to gauge the opinions of one quarter of the country's party members at any time, provided that instead of merely summarizing the information it receives it makes proper use of the analyzing, exploring a policy-shaping work of the district, work place and residential area party organizations. We need to make better use of this tool, for it represents one of the elements of renewal.

[NEPSZABADSAG] The most important thing still is to ensure that the demands for democratization voiced by the party membership at and prior to the party conference and reiterated ever since, are fulfilled. What does the party membership demand?

[Jasso] They are demanding a greater role in the formulation of policy, the overseeing of its implementation and the selection of leaders. Our job, therefore, is to facilitate this within the context of a process that will unequivocally show that policy formation has become less and less an exclusive function of the party center. Increasingly, our policies are being shaped by society. At the same time, of course, we do not have all 200,000 of our comrades coming to our Budapest headquarters to personally cast their votes about matters of great importance. In order for us to effectively fulfill our function we need to represent the views of our members firmly and openly by assessing our past experiences, and giving proper weight to their just observations, demands, and

sometimes even outbursts. We are already faced with some, and in the future we are likely to be faced with even more burning issues, which we intend to bring before the entire party membership: the debates we hope to generate will be not over central theses, but over ideas pertaining directly to the capital city.

[NEPSZABADSAG] What kind of changes will this work entail?

[Jasso] Just like the basic organizations and the party committees of various levels that have become the main arenas of political activity, we are also trying to find the best methods, the newest forms of cooperation between our organizations and the party apparatus, and people who are suited to carry out our changed tasks. While we are strengthening our organizational controls and adjusting our working methods to our new tasks, in December the Budapest Party Committee is expected to decide whether or not to further reduce the size of our 81-member political apparatus. It appears to take fewer transpositions to make more flexible decisions, and it is even doubtful that we need to preserve the inflexible and specialized departmental structure of our apparatus. The ongoing social debates should also serve as warnings that we must be ready to engage in political discussions and provide fresh answers. We need to find the organizational structure and operating mechanism that will enable us to present the possible political effects of an action contemplated by a given decision-making body, instead or at the expense of getting bogged down on kilometers, tons, percentages or on the quantitative indicators of wage-output ratios.

Concentration Applies to Almost Everything

[NEPSZABADSAG] How have you been able to involve the capital city's high concentration of intelligentsia in all this? How have their mental energies been put to use to also help your political endeavors?

[Jasso] Concentration applies to almost everything in Budapest. It is indeed essential, however, to have a strong intellectual basis. The role of the intelligentsia is very complex: it affects the process with its know-how, high standards of quality, and critical attitude that is both mindful of the need to preserve old values, and highly receptive toward all new ideas. We have to admit, however, that its involvement in political life has been only intermittent at best. Much more active has been its participation in public affairs, including its involvement in professional, scientific, city-beautifying and environmental groups and associations. I sense a definite willingness on their part to narrow the gap and engage in a dialogue, which is further evidenced by the fact that several non-party member managers and intellectuals have expressed opinions about our pre-conference theses and our attempts to find a way out. They have often attended the forums of the Budapest Party Committee, and I myself have gone to visit them at their universities, research institutions and art centers. We need these

discussions to get feedback, advice and corrective suggestions. While we would like them to develop a better understanding of our political ideas, we also want to get a better feel for some of the problems that may arise.

[NEPSZABADSAG] I think that this holds true for the entire populace. How do you obtain information about the general mood of the people and the growing problems they are facing? The basic organizations do provide indicators, but as they are relayed from one organization to another, doesn't the information thus received become manipulated?

[Jasso] We have various information systems in operation. The written system starts from the basic organizations and goes all the way to the CC level. From the indicators received through these systems a summary report is prepared listing the actual elements that characterize the public mood. We sort out the information that pertains to provisions to the populace, party matters and foreign policy observations, and supplement them with fresh comments as they arrive. So the leadership does keep informed about the concerns that are being raised; in fact, it would act against its own interests—and also put itself in a negative light—if it ignored or tried to conceal them.

Our Relationships Can Also Take Forms That Are Closer to Life

[NEPSZABADSAG] The question to ask then is that if you are aware of the existence of tensions, why have you not tried more often to ease them?

[Jasso] Because too often, decisions are also affected by economic and other involuntary factors which limit our scope of possibilities. Indicators of all-societal importance are immediately forwarded to the higher levels, while matters of local concern we try to resolve ourselves. Our relationships, of course, can also take forms that are closer to life and more personal. Our staff members and managers need to pay more frequent visits to factory and residential committee meetings, and other special events. This opening, i.e., recognizing the need to promote more lively political discussions, has been laid down in a resolution; the important thing, however, is for us to ensure that we attend many consultative meetings, organize politically beneficial debate forums, and that we shape, promote and implement our ideas by taking one another's thoughts into account. Of course, we will not resort to our earlier method of surgical intervention in trying to effect the decisions of our state, local and other administrative organs; but if they fail live up to the political goals which they have accepted as correct, then we too should be allowed to voice our dissatisfaction. Moreover, we have made it imperative for ourselves to react and state our positions as quickly as possible. We expect others, including those tasked with the implementation of our policies, to do the same, which will prevent our ideas from deteriorating into

mere illusions. If we keep in touch with reality, adapt to our rapidly changing world, and are able to mobilize the necessary forces, we will have no reason to panic.

[NEPSZABADSAG] The realities we face are harsh indeed. We have more and more families who can barely make it from one paycheck to another. The deteriorating state of our provisions, services and trade has also had a negative impact on human relations. There are those who believe that the party should be taking a more direct and firm role in these processes.

[Jasso] Falling wages, worsening living standards and declining consumption have resulted in growing dissatisfaction. The party conference, which had been tasked with trying to resolve some of the most important issues facing us as we search for a way out of our predicament, succeeded in reassuring many that the worst part was already over. Yet, for now at least, there is nothing to suggest that this would be the case, for admitting to the existence of serious problems is by no means the same as resolving them. We still have not done away with the causes that have led our living standard to deteriorate. The government's development program is not expected to yield noticeable improvements until years from now. Yet in order to do what has to be done we need to come up with a plan of action now, today. Instead of interfering directly as before we need, first of all, to earn the trust of both the party membership, and the broader public. This is a more difficult approach. Who should bear the burdens of development? According to what ratio should those burdens be imposed on the populace and its various strata, the state budget and our economic organizations? Finding the optimal answer to these questions—in consultation with society—will bring us closer to reducing and eventually resolving the existing tensions. The decline in the standard of living has been particularly drastic among the workers of large factories, whose lives have always been of special interest to the Budapest Party Committee; once again, we are doing everything we can to ease their problems.

[NEPSZABADSAG] Would you say that the strikes and demonstrations we had were also political signs of this dissatisfaction?

[Jasso] The work stoppages and strikes you are referring to were the results not of these basic tensions, but primarily of other factors. In Budapest it was mainly the many unsolved problems and issues, the constant putting off of pressing matters, and the generally disorganized state of affairs that had led the workers to put down their tools. At its September session, our party committee concluded that only as a final resort could work stoppage be considered an acceptable way of handling conflicts at the work place, and even then within strictly defined legal limits. As for the demonstrations, for the most part they had been organized in support of environmental, ecological, technical and economic causes, ethnic solidarity—which is in the realm of foreign affairs—and other similar objectives. In other words, it

was not opposition to the party or a misunderstanding of our economic situation that had prompted these events, even though some of them did contain elements that appeared contrary to our political objectives. We called a plenum to look into what had happened, and published a report of our findings. The point I am trying to make is that we do not want to close our eyes to new social phenomena, no matter what forms they may take.

The Party Cannot Function Without Its Youth Organization

[NEPSZABADSAG] Our recently established and currently forming organizations and associations have been submitting alternative proposals which they claim will solve some of the vital problems facing us. Are these ideas clearly expressed?

[Jasso] We ourselves stated at the party conference that we wanted to create a system of institutions and a public life that was far more colorful than what we had had before and more accurately reflected the stratification of our society. I do not believe that the surge of activities and changes that have ensued should be considered foreign or fundamentally damaging to our party's policy. We have witnessed the creation of such circles as the Hungarian Democratic Forum, FIDESZ [Democratic Alliance of University Youth] and various environmental groups, most of which are organized around a generally critical basic agenda; they have presented their programs, and people have begun to join. It appears that these days one can become likeable just by taking a critical position. The true test of their intentions, however, will be the activities they will engage in. There is no way for us to review the names on their list of participants, nor do we think that this is necessary; it is not part of our job. What we also consider important, however, is the intellectual input, the exposure to various ways of approaching different problems, and the multitude of articulated ideas we receive from these groups. We would like to integrate these into our ongoing processes. Right now it would be difficult to predict the direction in which our dialogues, debates and perhaps cooperation is likely to evolve, for presently we are still at the beginning of the process. It is the activities these groups will actually engage in after their programs have been announced that will show who, and in what manner intends to take part in the action. This is what will determine our position toward the aims of these organizations, and help us identify the groups willing to operate within the legal limits with whom we would like to start forming ties.

[NEPSZABADSAG] And finally: in your opinion, Comrade First Secretary, what kind of a new generation of party members can the capital city party movement hope for?

[Jasso] Recently, I regret to say, the number of candidates applying for KJSZ membership has declined. The league's internal organization has significantly deteriorated, to the point where it is not even present at some of

our institutions of higher learning anymore. These are very important warning signs for us at a time when we are working on mutually agreed upon definitions of what our relationship with other organizations should be. It will be unavoidable for us to change our internal perceptions if we are to get in closer touch with our young people. Some segments of our youth have also begun to form self-organized associations. It would be nice if the KISZ could somehow integrate all these ongoing processes. More than likely, our new generation of party members will come from those youth organizations that work in the closest cooperation with the party. Our future, renewed society will be certain to pick its leaders from among a wide spectrum of candidates aspiring to fill managerial posts and functions. And this only reinforces our responsibilities toward the upcoming generation: we will need to show them more trust and understanding, and be more patient as we engage them in political discussions.

Szarszo Front Outlines Program, Goals
25000035c Budapest MAGYAR NEMZET in Hungarian 17 Oct 88 p 3

[Article: "Declaration of the Szarszo Front. Calling on Every Citizen To Join a Self-Governing Social Movement"]

[Text] Finding a way to avoid the looming crisis facing our nation, while at the same time guaranteeing all Hungarians their basic human rights, was the topic of debate at the first meeting of the Szarszo Front on Sunday. The most important driving force behind that effort—the authors of the Szarszo Front's declaration agreed—lay in social, economic and political self-organization.

The declaration issued by the Szarszo Front, which is an umbrella organization of specialized colleges and small communities organized in club councils, makes it clear: our defunct county system must be replaced by self-governing entities that are politically accessible to and controllable by the citizenry, and can provide the basis of economic reform. We need proprietary and market reforms that will guarantee our existing forms of ownership equal opportunities and broad entrepreneurial freedoms. This will have to occur simultaneously with the elimination of the preponderance of state ownership which heretofore has been involuntarily imposed. The nearly 100 individuals who attended the meeting also stressed the need for an intellectual and cultural renewal. Agreeing that their time in history has come, they called for the implementation of a multi-sector school system based on the principle of autonomy, and for allowing the complete and unconditional assertion of the freedom of thinking, religion, speech, press, assembly and organization.

In the assessment of the declaration, heading to demands for the democratic transformation of our country is a vital basic condition for preventing a crisis. More specifically, the front's representatives thought it would be desirable to institute a national assembly that is based on

free elections and a multi-party system, and to allow such a parliament to operate as a responsible and independent governing body. In connection with the manner in which our laws are administered today, they called for the separation of the branches of power, and of the organizations of the state, social, corporate and self-governing sectors, and also for the establishment of constitutional and administrative courts.

The declaration also comes out in support of pursuing foreign policy and foreign economic objectives that better reflect our national interest. There was complete agreement among the speakers in declaring support for the Hungarian minorities of the neighboring countries, and demanding that their collective and ethnic rights be respected. There were some differences of opinion regarding the need to reassess our economic relations. According to the final consensus, Hungary should place greater emphasis on closer cooperation with the European Economic Community.

Ownership Law: Confiscation of Defectors' Property Criticized
25000031 Budapest MAGYARORSZAG in Hungarian 7 Oct 88 p 25

[Article by Agnes Horvath: "Real Estate Law; Changes, Property of Defectors"]

[Text] Every year an average of 4,500-5,000 people leave Hungary in search of a new home and an easier life. Most of them do not leave behind unsettled property matters; all of their tangibles and intangibles fit in their baggage, and their pockets are usually full of promissory notes rather than money. Others spend months preparing for the decisive step and, before leaving, they sell or quietly convert their property into value which they can take to make the new start easier for themselves.

Of course, there are also some people who exchange their existing, enviable financial situation for a more uncertain future because of a twist of fate. Clearly, the case of the Hungarian tourist group a few years ago is not singular. The group, on its way back from a travel tour to the West, was almost at an arm's length from the border when the bus broke down. The passengers were lingering on the side of the highway, and by the time the bus sent for them from Budapest arrived, there were fewer people. Three of them got bored waiting and set out hitchhiking in the other direction.

Sentenced to Confiscation

Legal judgments concerning the dangers of illegal residence abroad and, the related legal consequences since liberation to the present have changed from time to time according to our social and economic conditions. However, according to the study of Dr. Judit Bokai and Dr. Gyorgy Olah published in the periodical MAGYAR JOG, from the beginning two factors have played a role in the handling of property left behind by defectors. One

is the basic principle which holds that from a foreign exchange policy standpoint it is undesirable for a foreigner to own tangible property in Hungary. (Of course, the tenability of this principle is questionable by now: if he can buy a factory or a producer enterprise then why does owning an apartment and a weekend house bear such a stigma?) To buy tangible real estate in Hungary, a foreigner has always needed a permit from the Minister of Finance. It is not by accident either, that while the new 1987 Land Law abolished the institution of long-term land use for citizens, it, at the same time, introduced the right of long-term land use for foreigners.

The other determining principle is the confiscation of a defector's property, which is organically related to the point of view explained above. This "punishment" generally met with society's approval. According to this thinking, it was said many thought: that let he who changes his homeland change not only his heart but also his pocketbook. However, the harshness and means of confiscation have varied over the different eras.

After liberation, traveling abroad did not become routine until the second half of the 1950s, but many crossed the border illegally. After the events of 1956, it was the legal settlement of defectors' property rather than punitive sanctions that became of primary importance. The regulation in effect at that time took into account the interests of relatives who remained home, and in decreasing order of closeness, eligible relatives were offered the properties left behind by the defector.

The 1961 law introduced as a criminal category the crossing of borders without permission and prohibited returning home. Each [offense] was treated with fluctuating degrees of harshness. While prohibited border crossing always entails criminal proceedings, charges were raised against defectors only if they were classified as holders of important secrets and if the property left behind represented significant value. In this case, confiscation of property could be a ancillary punishment.

Paying Twice

In 1971, confiscation was replaced by the administrative takeover of property by the state without indemnity. The extent of properties effected became limited to residential and resort real estate. Although this change was of great legal importance, nevertheless, it was met with less than enthusiasm by the defectors' relatives who remained home. They felt that the state punished not the one who had stayed abroad illegally by them, the innocent and loyal.

No one can be surprised, for example, at the indignation of a physician who, after many years of renting, at the age of 40 finally acquired the first real home for his family, and in due form, considered it the common property of himself and his wife. Thus he registered it in both of their names. One evening, instead of his wife and young daughter he found a letter in the kitchen. They

had both gone abroad for good. His emotional trauma was only topped by the law which nationalized his wife's portion of the apartment. The physician was forced to buy from the state the other half of his own apartment for the second time.

It has also occurred many times that parents have surprised their offspring with an apartment bought with money scraped together, in the unspoken hope that the greatful child in the future would return the help when they would need support. But, if in the meantime the youth sets off out into the world, the state laid its hands on the apartment destroying the future hope of the aging parents. They were able to turn to the courts to demand the gift back from their descendant who has become unworthy of it, but in practice the majority of even the most bitter parents were reluctant to file suit against their own child.

The intent of Chapter VI of the new law concerning property, in many aspects, can be considered a return to the regulations imposed after 1956 since it takes into consideration the interests of relatives who remain home. The property law spells out that, if requested, the real estate of a person remaining abroad illegally should pass to the individual citizen who would have inherited it in case of the owner's death according to the laws applicable to legal inheritance. The application can be submitted in the course of the procedure conducted by the notary public or, it can be submitted to the notary public within a year from the beginning of the [defector's] illegal stay abroad. (For the relatives of those who defected earlier, the deadline was set for 1 September 1989, since in such cases the procedure can start only at the request of the entitled citizen, provided, of course, that the property in question had not earlier been taken over by the state.)

Without Death?

In the first four months after the law took effect, 500 such cases were presented to the notaries public of the country adding to their already heavy workload. However, the authors of the above mentioned study do not dismiss the possibility that the number of court suits will also increase, because the regulation includes many contradictions and leaves certain questions open.

For instance, it is difficult to decide in legal terms what type of property acquisition this act of "property transfer" can be classified. Basically, it follows the rules of inheritance (eligibility is granted by the order of legal inheritance), nonetheless, it cannot be regarded as inheritance, since without death, the word inheritance should not be used. It also differs from the inheritance law in principle, in the sense that it requires the submission of an application and that the foreign private person is barred from the transfer of ownership. However, if it is categorized as property acquisition depending on the wish of the eligible person, then the question is whether

the property acquisition restrictions—for which the only exceptions are properties acquired through inheritance, usufruct, add-on construction, marriage and adoption—apply to it or not.

The law and the executive orders lack the rules covering the surviving spouse's rights of benefit [usufruct] although this could lead to a series of unfair consequences. Probably, these rules were omitted because those who drafted the law did not want to touch specific institutions of the inheritance law, the enforcement of which is based upon death as a legal fact; i.e., the surviving spouse receives the right of benefit in the case of the other's death, however, if the defector is alive, there is no right to be transferred.

The way the law handles the question of distribution between the defector's creditors and the new owner may also give ample cause for future dispute. According to the law, the creditor may file a suit to collect his unrecognized demands, but it considers an agreement between the interested parties inconceivable. There is nothing about whether the "inheritor," accepting the rightfulness of the claims, can, in the course of the procedure, concede part of his newly acquired property to satisfy the creditor, and how, in this case, the creditor can receive the claimed sum.

Neither does the law cover what is to be done if the defector and his or her spouse built [a house] jointly on his/her own property or on that inherited from his/her parents. Thus the two types properties become mixed. Nor does the law address what happens if the defector has a descendant, and the defector's parents, who gave the real estate to their child [the defector] in hopes of future support, want to reclaim the real estate gift in order to use the real estate to supplement their pensions. The defector's descendant has the legal right to initiate the transfer of the property. According to present regulation, the suit to reclaim the property and the procedure conducted by the notary public for the transfer of property can be under way simultaneously. This can lead to thoughtless decisions and irreparable family feuds.

Letter to CC Warns of MSZMP Collapse
25000044 Budapest NEPSZABADSAG in Hungarian
18 Oct 88 p 3

[Roundtable discussion with retired teacher Gyorgy Varkonyi, retired college professor Sandor Zambo, assistant professor Ferenc Revesz, assistant lecturer Katalin Sos, and NEPSZABADSAG chief correspondent Laszlo Rozsa: "Opinions Face to Face on the Background of a Letter Written to September's CC Session"]

[Text] NEPSZABADSAG has invited representatives of basic organization No. 10 of Zuglo to a debate concerning a letter submitted before the September session of the Central Committee [CC], the background of which has

been the subject of guessing in the press ever since. The letter—or in most cases an excerpted version of it—was already discussed in the press when it was first submitted. This time it was the general economics faculty of the Karl Marx University of Economics that agreed to send its representatives to participate in a debate on the topic.

Representing the Zuglo basic organization were retired teacher Gyorgy Varkonyi, and retired college professor Sandor Zambo, and participating on behalf of the school of economics were assistant professor Ferenc Revesz and assistant lecturer Katalin Sos. Leading the debate was Laszlo Rozsa, chief correspondent of NEPSZABADSAG.

Two Different Positions or Two Different Emphases

[NEPSZABADSAG] The responses received from party members when asked to assess our present situation reveal the existence of two distinct sets of opinions. According to one view, which can already be confirmed, this is an economically difficult and politically tense period of time, the most important factors in which are still the party, the ongoing thorough, democratic transformation of our society, coupled with the desire and hope to achieve a kind of socialism that has learned from the negative lessons of the past, and thus is adequately suited to meet the requirements of the second centennial. Proponents of the other set of views are voicing concern about what they see as signs of disintegration, abandonment by the party of its earlier political positions, retreat, and the emergence of conditions reminiscent of the pre-1956 situation which by virtue of their existence constitute a threat to socialism.

[Zambo] Many of the speakers at the CC meeting thought that our concerns were worthy of consideration. There were, however, also those who claimed that our observations were superficial. First of all, I would like to make it clear that despite our concerns, we are pro-reform. We agree that our economic situation is serious, and we are convinced that we will be able to find a way out. We also agree with the importance of democratic transformation and the need for renewal in our party. What worries us is the lack of proper unity from the highest echelons down, and the deterioration of the party's influence. Recently I have talked to several communists who—if you like—have dedicated their lives to this system, worked and fought for it, and are basing their criticism on this basic position. They are also disillusioned. When in our letter we referred to the pre-1956 conditions, we did not mean to imply that we should be concerned about the impending danger of something similar happening today; we were merely expressing our concern that certain small groups had a louder voice than the masses that support the renewal of socialism. So I do not perceive the kind of fundamental differences of opinions that were alluded to in the opening question.

[Varkonyi] I have to take issue both with the way Laszlo Rozsa phrased his question, and partially also with comrade Zambo's response. For the two views that have

been mentioned are not mutually exclusive. I agree that it is important to see who stresses what. What I want to say is that the current confused situation is the result of the fact that new conditions have been emerging, and that there are still many questions—including the need to clarify what we mean by "leading role"—which the party leadership has not answered clearly. And there is also another factor: the assumption after every congress was that we needed only to implement its resolution and we would move forward. So then came the 13th Congress, 4 months after which it became clear that its decisions could not be carried out. This is where we began to lose our confidence.

Stalinism Was More Than Just Abused Rights

[Solt] I think it is a positive fact that the letter was read aloud at the CC meeting. This method should be more widely applied, however, for there were also some letters submitted that expressed the opposite view. My answer to comrade Varkonyi is this: the difference between us stems from the way we assess our current conditions, and the way we want to go about changing them. From what we consider positive values and what we do not. As I see it, the real definition of the party's leading role is just starting to crystallize; the party is just now beginning to adopt the means of real political persuasion.

For decades, the party membership has been used to being the mechanical implementor of decisions, and to not having an independent political role of its own. Whenever we attempted to play such a role, we were chided by the leading party organizations. It has heretofore been assumed that the job of the party membership was to interpret the decisions of the CC. Now it has become important first of all to understand the processes involved. This is not an easy task, even for us economists. As far as the question of disillusionment is concerned, none of us can avoid experiencing it, except that some are more deeply affected by it than others because they have stronger faith in the illusion that have been built over the past 30-40 years. Some are less affected by it, because they have never become closely attached to this system of ideas, and thus have never considered it to be immune to criticism. This is the kind of crisis of consciousness which I believe had prompted the letter. These crisis experiences consist of "still pictures" that are devoid of any reality content. I believe that it will take some time for a new, realistic picture of socialism to emerge.

[Revesz] Today's situation stems from problems that have accumulated during the previous period about which nobody has done anything for decades. This has created serious uncertainties in our collective social psyche, which in some cases have led to extremist manifestations. Starting from the emergence of an open opposition to the revival of conservatism which projects nostalgia for the old Stalinist economic and political system. In this sense we definitely need to make a distinction within the party between those whose confusion stems from the uncertainties of the situation, inherited stereotypes or inexperience,

and those who insist on adhering to the old methods, i.e., who support the opponent camp. For today there are still many who do not understand that when we say Stalinism we referring to more than just the personality cult, the mass terror and the abuse of rights; it was also a kind of an economic and political system and concept a more mild Hungarian variant of which has left its mark on our system of political institutions. This has also had its ideological equivalent that was designed to justify the existing order and defend the system in place.

Today we can be very critical in asking: were we right, for example, to strive for full employment, and thereby in effect take unemployment within the walls of the enterprise, or would it have been better right at the outset to help our enterprises improve their income producing capacities, the quality and state of the art of their products, and to allow the market and the consumer, not the bureaucrats, to control the quality of their output?

'Dogmatic Counterattack?'

[Varkonyi] I would like comrade Revesz to explain what exactly he means by Stalinism. For I am afraid that we are entering another period of assigning labels to people. In the fall of 1956, I was called a Stalinist, and now I am concerned that I will be labelled as a neo-Stalinist and a neo-Rakosiite.

[NEPSZABADSAG] In both the foreign and the domestic press we have indeed seen references asserting that the dogmatic trend was actually a counterattack by the "Stalinists." How would comrade Varkonyi respond to this claim?

[Varkonyi] When in 1943, I joined the printers' union, we truly believed that socialism would bring an end to unemployment. At the time, the printers' union had 7,000 members, of whom 4,000 were out of work. The situation was similar in the other unions and professions. So we thought that unemployment would end, the minimum wage would be raised and that the relationship between the worker and his employer would become more humane, etc. This was approximately the picture an 18-year old youth had about socialism back then. I can attest to it that after 1945 we witnessed an unprecedented improvement, even though on certain issues I might have had false illusions. Without question it was a mistake in the 1950's to nationalize 5-6 room houses, grocery stores, private trade, small businesses, etc. But is this a good enough reason to question everything we have accomplished so far? In other words, not only the 1950's, but also the 1960's and 1970's? The accomplishments attained owing not only to the efforts of party members, but also to the hard work of the Hungarian people as a whole?

[NEPSZABADSAG] The question here is whether these accomplishments have been attained with, or despite the Stalinist methods, and whether or not many of the problems we have encountered could have been avoided?

[Varkonyi] The Stalinist methods created staggering problems both for the Soviet Union and for us, as did the methods used by Rakosi and his people. We are still suffering the consequences of their actions. But is this reason enough to drop Leninism from our dictionary?

[Revesz] My problem is that nobody seems to be able to list what kind of accomplishments they are referring to. For some of the unquestionable accomplishments have actually been attained at the price of neglecting and destroying other areas. The reorganization of agriculture have yielded great results. But where did the money needed to attain these results come from? It came, for example, from allowing our infrastructure to go to ruin. And from having continued to invest for years in projects that have not accomplished what they had been intended to do, have not returned our investment, and have not helped to modernize our industry. The deterioration of the postal service and the telephone network, the neglect of trade and the decline in the quality of health care and education have been some of the most serious results of all this. We completed the metro, yet at the same time our agriculture today is unable to compete on the world market. Is this where we are supposed to be after all those five-year plans? It is already a tremendous accomplishment that we can openly talk about these problems. Before, dead silence surrounded these issues. But how can I explain to my students, for example, why the difference between the economies of Austria and Hungary is greater today than the already great discrepancy that had existed between them during the time of the monarchy? As far as Stalinism is concerned, unfortunately most publications never really grasp its essence; they fail to explain that the atmosphere of fear and intimidation was necessary because it was considered the best suited to preserving the system of single-centered, monolithic control which required a supporting ideology. We fail to make it sufficiently clear that—despite its endless references to Marx—Stalinism was in fact a distortion of Marxism.

[NEPSZABADSAG] Let us focus in more closely on today's situation. Should, in your opinion, the party be concerned about the political and ideological pluralism that exists in our society? In some cases even in extreme forms. And is it possible under these conditions for the MSZMP to establish a leading role that is based on genuine ideological and political respect and not on the wielding of power?

[Zambo] What concerns me is that I do not see any great improvements in the economy, in the transformation of our product structure or in our market orientation. This also has something to do with the fact that the only thing people have been hearing on the radio, on TV and from the newspapers is how bad everything was that happened here during the past 40 years. Is it any wonder then that our young people have no faith in the present and future of socialism? I can guarantee those who criticize our system today hoping to replace it with another, let us say with capitalism, that capitalism here would not be the

same as in Western Europe; it would be a tough, eastern brand of capitalism. I know it because I had worked in that system, and I have no desire to bring it back. As I have already stated, I agree that the party should use genuine political means to establish its leading role. I also agree that the mistakes of the past should be honestly "admitted." Also to be clarified are the causes that had led to this serious political crisis, including the question of personal responsibilities. But let me stress again: besides our 800,000 party members millions have a stake in this system, all of whom are averse to being presented everything in a negative light.

[Revesz] Comrade Zambo is concerned that we are nurturing dejection among our youth. But we are not only talking about words here, but also about prospects. Our protracted inflation, growing unemployment and the deterioration of our standard of living. It has been a long-long time since our society has faced such serious problems. Yet we all know that there are only two sources from which moneys can be gotten for effecting a structural transformation. From incoming capital, and from not giving people the amount of money they need to maintain decent living conditions. Under these circumstances our youth will not be content with being told about our past accomplishments. What they really want to know instead is this: "Where will I work after I get out of school?" "How will I make ends meet?" "When will I have an apartment?" And they are also asking us: "So is this what you have done? All in the name of socialism and communism?" The communists are ready to face the situation, for they are able to see the complete picture. But at a time when our society is confronted with such extremely negative effects, let us not entertain any illusions about unity. We will not be able to form a more general consensus until our economy has risen past its current low point.

[NEPSZABADSAG] I think we should briefly discuss the type of relationship communists should have with the various organizations that are presently being formed. In this connection we have already read the Politburo's position, but I would also like to hear the opinions of our debate partners.

[Solt] First I would like to say a few words about our young people's loss of direction. This is the result not only of economic causes, but also of having been kept in the dark about some important facts for so long. As far as the newly emerged organizations are concerned, it is only an illusion to say that they have come about unexpectedly, without any antecedents. Centers of opinions have existed before, but only now have they been given the opportunity to take organizational forms and to legally express their views. For a long time we were talking only about the "glorious winds" generation, but said nothing about the forced laborers of Recsk and other similar cases. No wonder that suddenly the press is full of these, and many other types of stories.

I have brought along a university newspaper in the same issue of which there is an interview with the leaders of

FIDESZ [Association of Democratic Youth] and an announcement about the formation of a leftist alternative association. It is in the vital interest of our society to allow this kind of political pluralism to flourish, for otherwise it is inconceivable to have social control over the policies of our party and government. But even in the basic organizations, it is impossible to see how consensus could be achieved without hard-fought debates and clashes.

There Should Be Debate, Not Opinion Terror

[NEPSZABADSAG] I would like to ask if those present have read, for example, any of the documents put out by Szarszo'88 or the Democratic Forum. For if we want to adopt a new approach to politics, a new way of stating our arguments, then we should also be familiar with opinions that do not correspond to our own, do not reflect our views, and even with those which we cannot accept. Today it is no longer possible not to talk about or hide statements which for some reason we do not like, or to keep silent about the existence of an organization that asserts its views within the limits of our constitution.

[Varkonyi] My main objection is that the opposition is doing nothing but criticizing, without offering a program of its own. I believe that even the British Labor Party sets up so-called shadow governments for the purpose of openly contrasting its own program with the official policies. And as far as the Recsak internees are concerned: It is a fact that there were also many innocent people among them. But we are entering dangerous waters here, for included among them were also Szalasi's wife, as were convicted possessors of illicit weapons, criminals of the Arrow Cross party perpetrators of real crimes and others who had defied our laws. Our concern is not about having to face honest debate partners, but about the activities of opportunists preparing to fish in troubled waters. Why should we keep silent about the existence of such elements? Or about the fact that—contrary to their claims to the contrary—certain organizations have actually made getting into power their real objective? Without a clear picture about who wants what, it will also not be clear at the coming elections who voted for what and whom.

[NEPSZABADSAG] It appears very necessary indeed for us to work out new, democratic rules and a clear legal framework for guiding our social and political life, so that we can determine who represents what position on the political spectrum. Only this will enable us to determine what our political relationship with them should be.

[Solt] My experience suggests that we have no reason to fear pluralistic manifestations. If we are certain that we represent the interests of the people, then we can openly stand up to any alternative group and allow the public to compare our records. Both now, and in the elections.

We Represent Progress

[Zambo] I am also not afraid of pluralism. I was a participant in the hard-fought battles that took place

after 1945. What I do not agree with is allowing these circles and associations to create an atmosphere at their debates in which all opposing views are suppressed. In our district, for example, there was a meeting of the Bajcsy-Zsilinszky Association at which the parliamentary deputy Zoltan Kiraly was one of the speakers. But when he started telling his listeners that in his view the renewal should take place under the conditions of socialism, he was hooted down and prevented from speaking. At the same time, they cheered the person who demanded that the party be allowed only proportional representation in parliament. In my opinion this kind of opinion terror is just as incompatible with the concept of democracy as some of the practices of the past.

[Solt] I have different experiences. Although it is true that among our university youth every alternative movement can find a basis, it has long been our practice to conduct open debates. Today we no longer have a situation where the only way the university party secretary is willing to participate in a debate attended by a member of the opposition is behind closed doors. I have found that young people are willing to discuss things openly, and that even the alternative movements are searching for ways to come to an understanding. It is a different matter, and is also natural, that on such occasions everybody presents and represents his own view. Our task is precisely to lead the way in initiating debates aimed at clearing things up.

[Revesz] In order to be able to do this, however, the party membership must be given the tools that will enable it to conduct such debates properly and in the spirit of the May party conference, and not motivated by old, nostalgic reasons. The party membership has a great deal to learn and to become informed about so that it can rid its ideology of everything that has proven to be incorrect and antiquated, while familiarizing itself with and expanding upon ideas that are modern. In short: it must represent progress in all comparisons. For much of the explanations that have been offered so far have stemmed from a defensive posture, rather than from a correct knowledge of history or from shedding light on the reasons behind the changes that have affected our party. After all there are still a great many heretofore unpublished facts, decisions and constraints which if known could have a motivating effect on the party membership's thinking.

[Varkonyi] I am sure that the party membership as a whole is not nostalgic about the "good old times." This would be a false representation of the facts. All the more so since, because of their age, the overwhelming majority of today's party membership did not join the party until after 1956. And after 1975, the problems were already beginning to surface. The problem instead is that this generation is also not quite clear about how we have gotten ourselves into the situation we are in; yet this is the question which is the most vital for us to clarify as soon as possible.

[NEPSZABADSAG] I do not believe that there is a need here for a summary, or for drawing any specific conclusions. This may have been a modest, but not useless opportunity for bringing up issues that are on the party membership's mind. Including issues that tend to divide opinions, and also the ones that can strengthen the solidarity of views. Thank you for giving our readers an insight into the real background behind an anxiety-inspired letter, and for giving them a better picture by engaging in a debate and by stating your views not only about what is happening "up there," but also "down there," at the foundations that carry most of the burdens.

Berecz, Nyers Address Unaired TV Questions
25000042b Budapest NEPSZABADSAG in Hungarian
29 Oct 88 p 4

[Article: "The Newly Forming Political Movements May Strengthen Our National Unity"]

[Text] As we have promised, in today's issue we will continue to publish some of the responses given by CC Secretary Janos Berecz and Politburo member Rezso Nyers to questions that had been called in to [the station], but never aired on TV's domestic affairs program "Forum."

[Question] From telephone number 761-188: A question for Rezso Nyers: What political interest does the capitalist world have in the success of the socialist countries' reform attempts which our side hopes will strengthen socialism both economically and politically?

[Nyers] In my opinion, the Western world has been "indirectly" helping the development of socialism all along, but it also has a genuine interest in helping our region and its countries to get back on their feet economically. It has an interest in this both as a market, present and future, but also because it recognizes that even if only indirectly, a financial crisis in an East European country would have a adverse impact on the world economy, world trade and even on the world's financial situation. The western world already has significant financial investments in the socialist countries. Presently, the amount of credit extended by the West to the socialist world stands at over 100 billion dollars. They have granted these loans not with the aim of financing the development of socialism, but with the hope of earning a return on their investment. They, therefore, have a vested interest in the success of our reforms.

Together With the Forces of Progress

[Question] Question from Janos Jarai of Kazincbarcika for Janos Berecz: A multiparty system, but even our various already existing associations, can divide the working class both as an entity, and also in terms of its activities. What is comrade Berecz's opinion about this?

[Berecz] Under our existing socio-political conditions we cannot talk about a multiparty system, hence the supposition about its dividing effect on the working class is meaningless. As for the other part of your question, I firmly believe that—within the limits of our one-party system—all progressive forces, organizations and associations have the right to share in the exercise of power and the formulation of policy. And our party, the MSZMP, whose members represent various segments of our society, is ready and willing to forge a new type of alliance with organizations and self-organized democratic groups dedicated to economic and social change, reform and renewal. The criterion to be applied as we proceed to form these new alliances and build a new consensus is the extent to which these forces and efforts espouse and represent the cause of our nation's progress.

Our existing and presently forming political movements will not cause social divisions if they become actively involved in the implementation of our recovery program, and if they work toward national unity. If initiatives and undertakings coming from below are allowed to assert themselves properly, they can trigger the release of enormous inner reserves and target them in the proper direction. It is a positive step, in our opinion, to see some of these new trends allying themselves with the policies of the MSZMP. Admittedly, however, we have also encountered some groups that have considerably distanced themselves from the MSZMP.

It is our firm intention to try, in the spirit of our new collective consensus, to win over all progressive forces whose basic orientations may be different, but who still operate within the realm of socialism. This will require greater harmony and a more genuine unity of purpose between the movements that "build from below," and the more effectively operating political center.

[Question] Miklos Csikos, 646-191: Every year we are faced with a debt repayment obligation of about 2-2 1/2 billion dollars. What, in comrade Nyers' opinion are the prospects of us ever repaying these debts?

[Berecz] For now, Hungary's ability to make steady payments on its loan obligations, including the interest, appears to be insured for about 3 years; in other words, we will not have to worry about insolvency or having to request that our loans be rescheduled. Within these 3 years, however, we must launch a long-term structural transformation program, and see to it that the foundations are laid for the beginning of a dynamic rise in our hard-currency exports. To the extent we succeed in initiating such a structural transformation, combined with some degree of dynamism in the area of hard-currency exports, meaning an approximately 6 percent increase in volume coupled with an improvement in our balance of trade, we will be able to stabilize our balance of payments. A continued steady increase in exports, in turn, will enable us to maintain our current debt level without any need for concern. I want to stress that our basic problem stems not from the size of our debts, but

from our unfavorable debt-to-export ratio. I also believe that our debt obligations could be much more effectively managed if we could work out some formula of convertibility with the socialist countries, or at least with some of them. While the prospects of finding such a formula are still remote, we must continue to search for solutions.

Parliamentary Control Over the Budget

[Question] Question from Laszlo Szonyi at 666-762: What are the chances, in Comrade Berecz's opinion, that Romania will change its resettlement plans?

[Berecz] It should be clearly understood, that this question covers two separate matters. One is the resettlement concept which had been announced some 20 years ago already. The details of this plan have never been made public by the Romanian leadership, hence we are justifiably concerned that the ethnic Hungarians living there, and many of the cultural treasures of humanity may be seriously threatened. The other matter could perhaps best be summed up with the word "systematization." It refers to a policy which treats human beings practically as objects, and to methods used in the course of implementing the plan that constitute an insult to humanity. These methods are unacceptable, and have rightfully been the targets of international public criticism. It also follows from all this that we need to state our opinions and objectives clearly, without illusions, and without unnecessarily stirring up people's emotions. It is in the general interest of humanity to ascertain that cultural values and the conditions legitimately expected to ensure ethnic existence are not violated. We can only hope that the Romanian leadership will recognize this, for by failing to do so it will only further isolate itself.

Recently, in the wake of international public protest, there have been certain changes: the propaganda has been toned down, and the emphasis is no longer on the razing of villages but on the elimination, or "spontaneous disappearance" of the differences between the villages and the cities. It is yet to be seen what to make of this change.

It is both in the Hungarian and the Romanian peoples' interest to have proper socialist conditions in Romania that will allow Romanians, as well as all of the other national minorities of that country to lead a balanced and normal life.

[Question] Question from Gyula Bokros: When, in Comrade Nyers' opinion, will we have a budget based on genuine financial planning?

[Nyers] We are already moving in the direction of having our government agencies perform real financial planning when compiling the state budget. What this will require of them is to ensure that the basic objectives of national economic planning and the financial resources committed to the plan are not brought together in a relationship in which the latter is subjected to the former. This is the

key issue here. So the extent to which this can gradually become a reality will also depend on the reform of our national economic planning. I want to stress that today the relationship between the two is not so inflexible as it used to be. In other words, our budget is founded on more genuine financial planning now. The decisive change, however, will not come until the implementation of a budgetary reform that will enable us to have an independent budget, capable of making democratic decisions. Real financial planning also requires closer coordination with parliament in matters pertaining to state budget than what we have today.

Let Language Learning Become a Natural Need

[Question] A question from number 189-655 for Janos Berecz: How much longer will the teaching of Russian remain mandatory in our schools?

[Berecz] Knowing a foreign language—including Russian which is a world language—is a true asset for it enriches the individual. Of course, at the time the decision had been made to make the Russian language the one that would be mandatory for all students to study, one of the important considerations was that it would provide further evidence of our commitment to the alliance. Incidentally, today people all over the world—irrespective of what political system they may live in—are turning to the teaching and learning of Russian with growing interest.

I am only sorry that language education in our country, including the teaching of Russian, is not effective enough. It is not adequate or in keeping with our times to require our students to learn only one language. It is extremely important for the sons and daughters of small countries to know other languages; as several surveys have shown, our country is badly lagging behind in this area. I think that our economic development, the expansion of our economic ties and the increased possibility of foreign travel will eventually lead to the point where knowing a foreign language will become a natural need which is both necessary and beneficial to all.

[Questions] Janos Kaposvari addressed the following question to Rezso Nyers: What is the new Marshall assistance all about?

[Nyers] The idea of an assistance program similar to the Marshall Plan has already been raised in international financial circles. Mostly in circles that deal with East-West relations, but also in connection with the developed industrial countries' relations with the developing world, as recently proposed by [former West German Chancellor] Helmut Schmidt. For now there is still no clearly defined position or concept that would suggest that certain Western circles are preparing to offer such a large-scale and comprehensive assistance program to the socialist countries. There are, however, some indications of this, including the Ostpolitik of the Federal Republic of Germany. The FRG has extended large credits to

Hungary, the Soviet Union and Poland—to Poland and the Soviet Union earlier, and to Hungary just recently—but the total amount of these loans still does not measure up to the scope of the Marshall assistance program. I am on the opinion that in order to establish the conditions necessary for such a large-scale loan and assistance program to materialize, the economic system of the East European socialist sphere must adapt itself even more closely to the world economy and to the economic systems of the developed industrial countries. It is not our social system that we need to adapt to theirs, but our economic principles and practice. As far as the future is concerned, such a plan cannot be ruled out, and would certainly be considered a positive step. Of course it cannot happen overnight.

OM Pre-1948 Scout Movement Revived
25000035e Budapest MAGYAR NEMZET in Hungarian 13 Oct 88 p 3

[Article: "Boy Scouts Formed. They Are Also Expecting Support From the Churches"]

[Text] After an impassioned debate, on Wednesday at Budapest's Museum Cafe, they announced the formation of the Hungarian Boy Scouts Association. Most of the participants present at the statutory meeting used to be boy scouts themselves, and although the organization which had been dissolved several decades ago was remembered differently by everyone today, there was agreement on one thing: young people in today's world could also benefit from such a movement. Still several of the participants had suggested that since there were not enough trained leaders, experienced in scouting, and since professional literature was also lacking, initial efforts should be limited to preparatory work, and the announcement of the formation should be delayed until everything has come together. At the end, however, those present agreed to go ahead and announce the formation, and begin preparing for actual work; subsequently they proceeded to select legal and education committees.

As one of the organizers of Wednesday's meeting, the dentist and long time boy scout and young pioneer leader Albert Szuts explained at the ad hoc press conference: they plan to build up their movement from the ground. In order, however, to make it possible for independently operating groups to form later, they first had to establish the nucleus of their organization. I asked the organizer whether they intended to consider religious affiliation as one of the determining factors in setting up boy scouts troops as it had been done before the war. He assured me that although according to the plans the churches would be organizing the various groups, they would not be divided, as regardless of which church organized the troop, members of all religions would be eligible to join it. The basic principles of the different organizations would be uniformly stated, and would be worked out with the help of former boy scouts; the most important of

these, however, would definitely be love, camaraderie, good work, honesty and respect. We have learned that girls would also be eligible to join, provided that they form separate troops.

Group Formed To Defend Transylvanian Szekler Interests

25000035d Budapest MAGYAR HIRLAP in Hungarian 23 Sep 88 p 5

[Article: "Szekler Circle Formed"]

[Text] From our correspondent:

"The objective of the Circle is to avoid collective death that also cripples the individuals who make up the community; to promote community life, and to strengthen people's sense of belonging together. It is in order to attain these goals that we wish to operate by relying on the support of the Szekler population of the Buda-area villages of Biatorbagy, Budajeno, Budakeszi, Budaors, Etyek, Erd, Perbal, Telki, Tok, Zsambek, and of the capital city as well." The above quote is from the operating bylaws of the Szekler Circle which was formed yesterday. The chief aim of the Circle is to bring together people of Szekler nationality living in Hungary, and to revitalize and preserve Szekler traditions. To quote verbatim the basic principle laid down in the Circle's bylaws adopted yesterday: "The Szekler Circle is a friendship society, whose members wish to help preserve the intellectual and material culture of the Szekler people."

It was nearly a year ago that Szeklers living in our country had first undertaken the task of organizing a Circle. The initiative has been sponsored by the Pest County Committee of the Patriotic People's Front, and the forming of the friendship society yesterday was witnessed by about 200 founding members.

POLAND

Party's Continuing Worker-Class Role Reviewed
26000128c Warsaw TRYBUNA LUDU in Polish 22 Sep 88 p 4

[Article by Piotr Rzadca: "Workers Issue"]

[Text] More and more frequently, I encounter criticism of the worker-class issue in party circles. The continuing of the party's class character, i.e., the placement of workers' interests in the forefront, is questioned. It has been proposed that the party should be for all people and should be concerned about all levels of society.

Critics are also doubtful about the historic mission of the working class as the class that is most concerned about the creation of a classless society. These critics say that the working class is not a force particularly interested in the advance of civilization, but that it is rather a conservative agent acting as a brake to slow down progress.

Many arguments are cited: that in the most highly developed countries, the working class is beginning to disappear, that only the scientific-technical cadre can be creative and the torchbearer of progress, that in recent years the working class has become a force that is disruptive of social order, even rising up against its own party and that the deep divisions within the working class make it impossible to treat it as a monolithic agent for the reform of Poland.

The goal advanced by all this criticism is the revision of the relationship between the party and the working class, the receding of workers' issues to the background and the shift of attention to the other strata of society.

The truth is that right now, we are reevaluating many basic principles that were the foundation of our ideology and policy. The time is right, then, to take a closer look as well at the mutual relationship between the party and the working class and at finding the right role for that class in all the processes of change in our country. However, that calls for in-depth discussion, for the utilization of solid research and for an objective examination of the charges that have been made and the questions that have been raised.

Workers today do not constitute a monolithic group. Like other classes or strata, they are split in their views about politics and ways of looking at the world. These differences are also a function of the nature of their work that ranges from heavy industry to work in which the mental aspect predominates. There are very many groups for whom conscientious work is a matter of honor and some, on the fringes, that are more interested in stopping for a beer after work. Some work in ultramodern industries; some work where the only tool is a spade. Such factors influence workers' ways of looking at the world and their attitude to public issues. The majority of workers are found in state enterprises, but an ever growing number work in the so-called private sector. These differences likewise may be applied to other classes and strata, but they are not under attack.

The situation and viewpoint of workers are the result of state policy over which they have little influence, in most cases. Only when workers can no longer tolerate the living and working conditions created for them do they protest—with great force and effectiveness. The fruits of that protest are enjoyed by everyone else. This shows that the working class, so diversified when seen from within, has a decisive voice in the state, a voice that must be reckoned with. It is just that frequently its demands are not considered; the voice of the workers does not reach where it ought to, and the interests of other classes take priority, giving rise to bitter conflict. We in the party have spoken of this more than once. Unfortunately, workers' opinions are ignored over and over again; the characteristic deaf ear is given them over and over again. We already know well who gains in such a situation. We also have experienced repeatedly seeing who takes advantage of this situation in the political game.

For several years now, solid analyses of the situation of this class in Poland have been conducted in the Institute for Workers' Class Research at the PZPR Political Science Academy. Living circumstances, health conditions, material wealth, inadequate working conditions, social and political self-esteem, the awareness of the need for reform and the attitude to party and state policy are all being studied. The research that has been amassed enables us to make an almost conclusive assessment about the nature of today's Polish workers' class, its current situation, improvements to be made in it and the aims and aspirations of this largest social group. Other scientific research centers have done similar studies that are, however, not as extensive.

It is time we made full use of this accumulated knowledge, disseminating it and drawing practical conclusions from it. It is also high time that we began a more serious discussion about the working class and its links with the party, given the sudden changes being wrought today. This will require a new attitude, an examination of the doubts currently being voiced and the adoption of a clearcut policy. With that in mind, let us open up this page of TRYBUNA LUDU to a discussion of today's role of workers in a changing society.

Constitutionality of Political Parties, Legalization Procedure

26000104 Warsaw *PRAWO I ZYCIE* in Polish No 41, 8 Oct 88 pp 3-4

[Article by Piotr Winczorek: "The Legal Status of Political Parties"]

[Text] In recent months the pertinence of reactivating the political parties that used to exist in Poland or establishing new ones has been publicly discussed. Prominent among the various proposals is the need to rebuild a party that would be rooted in the social teachings of the Catholic Church as the source of its political and ideological inspiration. Studies by the CBOS [Public Opinion Survey Center] show that the need to establish a party cooperating with the church is perceived (to a varying extent of definiteness) by about 44 percent of citizens and denied by about 26 percent, with fewer than 30 percent being indifferent or undecided.

It is not my intention to discuss the issue on its merit. I wish merely to consider certain dilemmas entailed in the implementation of this idea. These dilemmas are indeed difficult to resolve, because the legal situation is tangled and very obscure. The existing regulations may be subject to divergent interpretations. The agencies of the state (the courts, the Citizens' Rights Spokesman) which commented on this topic in recent years have inferred conclusions that are not quite convergent.

The point of departure for our reflections is stating the well-known fact that in Poland there is no legislation governing the whole of the activities of political parties

or prescribing the procedure and conditions for their formation and dissolution.

The existing Polish legislation lacks any specific definition of a political party. This means that legal provisions cannot serve as the basis for deciding whether a given organizational formation is or is not a party. I do not think that such a decision is facilitated by the Constitution of the Polish People's Republic as amended in 1976 and 1983.

The 1976 amendment to the Constitution declares the PZPR to be "the guiding force of the society in socialism-building" and regulates the mutual relations of the PZPR, the ZSL [United Peasant Party], and the SD [Democratic Party] (both of which it names) within the Front of National Unity. At the same time, Article 3, Paragraph 3, employs the common terminology, "the party" and "the allied political parties" [the ZSL and the SD] without, however, defining them. It might thus be judged that these terms refer to qualitatively different formations. This warranted the assumption that the PZPR is a party while the ZSL and the SD are merely "allied parties" [stronnictwa, allied with the PZPR].

These doubts were dispelled once the constitution was amended to include the PRON [Patriotic Front for National Rebirth]. The PZPR, the ZSL, and the SD continue to be mentioned by name and the principles governing their mutual relations as well as their status in the political system of the state remained unchanged. At the same time, however, Article 3, Paragraph 3, of the Constitution refers to the PRON as a plane for "cooperation among political parties." This formulation comprises the PZPR and the two allied parties. Even so, there still does not exist a legal definition of a political party as a social organization. In such a situation we have to explore indications of the constitutional features of political parties in extra-legal texts, chiefly in scholarly studies.

In Polish scholarship of recent decades the established concept is that a political party is an organization striving to assume and exercise state power independently or in cooperation with other parties. Certain authors extend this definition in various directions by, e.g., stressing that this concerns a permanent organization that acts openly, is voluntary, protects class interests, etc. But everyone is in accord that the abovementioned attributes are the minimal features of any organization that is a political party.

Since it is known that a party is a variety of an organization, the question arises whether it can be classified as a social organization—a category known to Polish law as well as to political science. The social nature of an organization, as distinct from a state organization, is demonstrated chiefly by its being a voluntary association and lacking the right to adopt nationally binding decisions (decisions made by the state). Similarly, it differs from an economic organization in that its purposes do

not include profit-making and participation in it is not, as a rule, linked to doing paid professional work. I believe that political parties (at least in the socialist countries) meet these criteria for a social organization.

Polish law also is familiar with the concept of "a social organization of working people" and "social organizations of state importance." Social organizations of working people are mentioned in, among other places, Article 84 of the Polish Constitution which acknowledges the right of citizens to associate themselves. Paragraph 2 of that Article mentions, among "other organizations of working people," also "political organizations." Without hazarding a major error it can be assumed that political parties are a variety of political organizations. Their belonging in this category is determined by two attributes of a party, that is, the fact that they are social organizations and that they are of a political nature.

The political nature of an organization manifests itself, however, not only when it desires to assume and exercise state power but also when its aim is the direct or indirect—e.g., by shaping the political convictions of citizens— influencing of the nature of the decisions taken by the power centers in the political system. In the case of contemporary Poland a political organization that is not a party may be exemplified by the Polish Catholic-Social Union. On the other hand, the PZPR, the ZSL, and the SD are political organizations that display the attributes of a party. Borderline cases may also exist in the sense that a political organization may begin to resemble a political party owing to certain of its characteristics such as participation by its representatives in the work of executive bodies of the state. Analysis of the text of Article 84 of the Polish Constitution in relation to the actual practice under the social system of our country warrants, I believe, assuming that parties are not only a kind of political organization but also a variety of the social organization of working people.

Political organizations also are mentioned in Article 287 of the Penal Law Code which provides the legal-penal foundations for protecting their good name. The language of that Article implies that political organizations are a form of "a social organization of state importance." On inferring a conclusion analogous to that made in the preceding paragraph it turns out that political parties are a type of organizations of that kind. And hence, both in the sociological and in the legal sense, political parties are a particular form of a social organization (organization of working people, organization of state importance).

The legal status of social organizations in Poland is governed by various normative acts. Some kinds of activities of these organizations are prescribed in detail on the basis of provisions governing certain public activities in general (e.g., publishing, meetings, etc.), and in this connection some social organizations, including the political parties, are endowed with major privileges by these provisions. But as for the legal status and the

establishment and dissolution of social organizations, these are decided either by the law on associations—Executive Order of 27 October 1932 of the President of the Republic of Poland—or by particular acts. Thus if a given organization finds no legal foundations for its existence in that Executive Order, it finds them in the law on associations and belongs in, pursuant to the provisions of Executive Order of 1932, one of three kinds of associations.

But are the political parties operating in Poland subject to that law, considering that they are not comprised in any detailed yet also integral set of legislative regulations, although they represent a kind of social organization? Posing this question may seem improper, especially in the light of Article 3 of the Constitution. But it should be borne in mind that the history of the attitude of the law on associations dates much farther back than 1976, the year in which the Constitution of the Polish People's Republic was amended.

On 4 November 1945 the Presidium of the National People's Council adopted a resolution stating, "Proceeding from the premise of building reborn Poland as a Democratic State, the Presidium of the National People's Council acknowledges that the differentiation of democratic sociopolitical programs justified by the structure of our society is completely in accord, during the present still pre-electoral stage of our statehood, with the currently operating parties, the PPR [Polish Workers Party], the PPS [Polish Socialist Party], the PSL [Polish Peasant Party], the SL [Peasant Party], the Democratic Party, and the Labor Party. Any further differentiation of Polish political opinion may cause an unusually dangerous predominance of partisan dissonances over the awareness of common purposes of our nation." Further, the Presidium of the National People's Council appealed for cooperation among various social strata and political orientations for the common good of the entire nation and state and "declares itself opposed to any attempt to form new parties weakening the political cohesiveness of our nation."

The Presidium's resolution was passed in connection with the formation on 28 June 1945, following political talks in Moscow, of the six-party coalition Provisional Government of National Unity and was directed against the attempts then being made to resurrect the National Democratic Party and to turn part of the SL and the PPS into political groupings rallied round S. Banczyk and Z. Zukowski.

Two months after the publication of that resolution and undoubtedly in connection with it the minister of public administration (Dr W. Kiernik, PSL) dispatched to his subordinate offices Circular No 8 (of 24 January 1946) in which he drew attention to the unsuitability of their demand that "legally existing and acknowledged political parties (the PPR, the PPS, the PSL, the SD, the SL, the SP, or their organizational units....) undergo forced legalization pursuant to the law on associations." Next, the

circular states, "1. Political parties as organizations with specific aims and structure do not fit the concept of an association or an union and therefore, in accordance with the practice of every democratic country, they are not subject to forced legalization, and hence also the provisions of the 1932 Law on Associations do not apply to political parties. 2. The above pertains to the parties represented in the National People's Council and constituting the basis of the Provisional Government of National Unity in the Republic of Poland, said parties being the PPR, the PPS, the PSL, the SL, and the SP."

Aside from the legal nature of the document cited above, the following conclusions can be drawn, I believe, from its text and from the Resolution of 4 November 1945 of the Presidium of the National People's Council:

- In those times the legality or illegality, recognition or nonrecognition of a party were decided not so much by the regulations in force as by the political decision-makers as reflected in the resolution of the Presidium of the National People's Council and recalled in the abovementioned circular. The legality (in the sense of political recognition) of new parties could be decided upon solely by the leaderships of the parties constituting the power coalition in those times.
- Although Point 1 of Circular No 8 of 24 January 1946 formulates and substantiates a general rule excluding political parties from the applicability of the Executive Order of 1932, at the same time Point 2 of that circular clearly tightens that rule. Only the six specified parties represented in the National People's Council were exempted from the provisions of the law on associations. The implication is, as was probably the intent of the contemporary political decisionmakers, that, insofar as it existed or would exist, any party not named in the circular and not represented in the National People's Council, is not exempt from the sanctions specified in that Executive Order. This concerns not only the legalization of any such other party but also its operating rules, legal entity, supervision by the state, the possibility of delegitimization, etc.
- Any eventual legalization of new parties in the sense defined by the law on associations could take place only after they are legalized in the political sense.
- To be sure, Circular No 8 of the Ministry of Public Administration did not resolve the issue, but the resolution of the Presidium of the National People's Council defined the admissible shape of the then existing party system, at least insofar as the number and nature of the parties constituting it were concerned. Thus, were that shape to be altered by broadening the range of legally existing parties, this would require reconsidering that resolution.

This raises the question of whether the above legal and political decisions made more than 40 years ago still retain their applicability nowadays in the face of the deep systemic changes and transformations in the political landscape of Poland. Answering this question is not easy, and depends to a large extent on the direction in which the political and legal acts adopted in Poland since

that period will be interpreted. At any rate, it is not enough to state that Circular No 8 of 1946 of the Ministry of Public Administration has not been rescinded to this day.

Thus, first, this concerns the question of whether the exemption of the parties represented in the National People's Council from the law on associations also applies to the parties present in the successive sessions of the Sejm since then. Assuming that these sessions represent a continuation in new legal forms of the National People's Council as a representative national body, this exemption should also apply to the new parties represented in the Sejm.

Second, it is necessary to resolve the question of whether the current political parties are a continuation of the parties active during the years 1944-1947 or represent completely new groupings. As known, the PZPR was established in 1948 by merging two worker parties, the PPR and the PPS, while the ZSL has been since 1949 the inheritor of two populist-movement organizations, the PSL and the SL, and as for the Democratic Party it has been in continuous existence under the same name since its rebirth in 1944. The dissolution in 1950 of the Labor Party and the switching of a small number of its members to the Democratic Party caused no major changes in the status of the Democratic Party in the Polish political system.

Assuming that the continuity of the exemption of the parties from the law on associations was disrupted owing to either the convocation of the Sejm in lieu of the National People's Council or the changes in the structure, nature, and names of the political parties, it would have to be concluded that as of 1 January 1947 (elections to the first Sejm) at the earliest or as of July 1950 (the dissolution of the SP) the law [on associations] has been applying to the political parties existing in Poland.

However may these dilemmas be resolved in theory, practice has already definitely resolved them. The law on associations has not been and is not being applied to the political parties operating legally in Poland. Neither the expiration of the prerogatives of the National People's Council nor the changes in the structure of the party system so far have influenced in any way the practice evolved on the basis of the documents discussed above. However, this does not mean that it would be easy to answer the question of what would have happened if attempts had been made to establish some new party in the past.

Article 3 of the Constitution of the Polish People's Republic can be interpreted in the sense that it predetermines not only the systemic role and interrelationship of the political parties it names but also their lawful-constitutional legalization. By the same token, the existence of the three political parties—the PZPR, the ZSL, and the SD—has its legal basis directly in the Constitution and any reflections concerning the applicability of Executive Order of 1932 to these three parties are totally groundless. A provision in the Constitution, which is the

supreme law of the land, pre-empts any other, lower-ranking laws. Therefore, in face of Article 3 of the Constitution, the decisions contained in Circular No 8 of 1946 of the Ministry of Public Administration cease to be binding, at least so far as the parties named in that Article are concerned.

On the other hand, it is an open question whether Article 3 of the Constitution "closes the door" on the number and nature of the parties, on the party system of the Polish People's Republic. Assuming that this is indeed so, attempts to legalize new political parties in People's Poland would require amending the Constitution, and legalizing these parties would mean naming them in the Constitution.

If, on the other hand, the position is taken that the provisions of Article 3 of the Constitution are interpreted as merely prescribing that the PZPR is the leading force in building socialism in Poland and that the ZSL and the SD are in a relationship of permanent collaboration with the PZPR, with that collaboration constituting the basis for the political system of People's Poland, then any eventual formation of new political parties would not require amending the Constitution but would be accommodated within its provisions, particularly within those of Article 84, Paragraphs 1 and 2, through under certain conditions. Namely, such new parties would have to pledge themselves in particular to respect the principles ensuing from Article 3 of the Constitution, that is, to acknowledge the leadership of the PZPR in building socialism in Poland and not to encroach upon the alliance between the PZPR and the ZSL and the SD. Moreover, they would have to refrain from any action aimed against the political and social system or legal order of the Polish People's Republic (Article 84, Paragraph 3, of the Constitution).

The perception that the Constitution of the Polish People's Republic in its 1976 version does not preclude the possibility of establishing new political parties would mean that these parties would have a chance to be legalized. Three possibilities can be considered:

First, they could be accorded political recognition in the same way in which it could hypothetically have been accorded to new parties under the decisions made in 1945 and 1946. The body taking the decision on this matter could be the Council of State. This would at the same time result in exempting the new parties from the law on associations and in the long run also including their names in the Constitution. Such a solution would also ensue if it is assumed that Circular No 8 of 1946 of the Ministry of Public Administration forfeits its binding power "per desuetudinem" also with respect to the parties not constitutionally legalized, which would mean the formation of a legal loophole in the case of interest.

The second possibility: since, as of 1946, the applicability of the law on associations is waived only with respect to the parties represented in the National People's Council and named in Circular No 8, therefore, it also is

waived with respect to the constitutionally legalized parties. Any other parties would, should attempts to form them be made, have to be registered pursuant to the provisions of the Executive Order of 1932.

Were the alternative to be chosen, the party system of the Polish People's Republic would have, from the legal and most likely also from the political standpoints, a two-layer structure if new parties are added to it. It would consist of the constitutionally legalized parties (that is, the PZPR, the ZSL, and the SD) plus parties in the second category, as it were, with the latter parties being supervised by the state administration and liable to being dissolved through administrative proceedings, etc. It is highly doubtful whether such parties could, under these conditions, exercise properly the functions usually ascribed to political parties. At any rate, such a situation would not meet the principle that podmioty of the same kind are subject to equal treatment under law.

The third solution consists in acknowledging that the issue of forming a political party is generally outside the bounds of legal regulation. And since what is not prohibited (meaning also the formation of political parties) is permitted, public initiative in this respect should be subject to no control or supervision. However, adopting this interpretation in reality cannot ensue solely from reflections on theory of law or from press articles but would have to be linked to some legal act demonstrating that such an interpretation would be officially respected. This would undoubtedly be as much a political as a legal act, and its consequences would be far-reaching. On the other hand, concluding that there is a legal lacuna on this issue and that nothing can be done about it until it is filled by the lawgivers means, in my opinion, postponing rather than resolving the issue.

To sum up, however this dilemma may be resolved, its resolution will be of a decidedly political nature, and its legal accoutrements and legal consequences will be merely derivatives of that resolution. In my opinion, an integral settlement of the legal situation of political parties in Poland by means of a decree is needed. This is also directly linked to the idea of the coalition exercise of power by the PZPR, the ZSL, and the SD. The need for this would be particularly explicit should the question of the formation of one or more new political parties in Poland be resolved positively. To some extent the untangling of the status quo would also be helped by incorporating in the new law on associations a clause precluding its applicability to any political party whatsoever.

Malinowski on Power Sharing, Economic, Agricultural Reform
26000161 Warsaw *PERSPEKTYWY* in Polish No 38,
16 Sep 88 pp 4-5

[Interview with Roman Malinowski, Sejm Marshal and president, United Peasant Party, by Henryk Maziejuk]

[Excerpts] The pulse of social and political life is again beating with an accelerated rhythm in Poland. Discussion

is being undertaken on ways to solve growing problems, to ensure rapid, effective handling of the crisis. Members of the United Peasant Party [ZSL] are also taking part in this discussion. We talked with Roman Malinowski, Sejm Marshal and president of ZSL about their view of the situation in which Poland has found itself.

PERSPEKTYWY: Recently, when Poland was troubled by strikes, the ZSL Main Committee met for its third plenum. What did this meeting produce? To what would you like to call attention?

Malinowski: We are at a critical stage. The position of ZSL members, presented clearly and straightforwardly, is dictated first of all by profound concern for the good of the state. Our position, which goes back to Wincenty Witos and has called peasants to respect it many times, stems from the fact that the state is the primary, superior value, because the interests of individual parties, circles and groups must be subordinate to its good. Only a strong, efficient state can generate guarantees of an effective solution to the problems of its citizens. So mindful of this principle, at the third plenum of the ZSL Main Committee, in the report I gave and in the discussion and the resolution passed, we responded decisively in favor of a consistent solution to Poland's difficult problems, both in the socio-political and economic sphere. Keeping Poland's future in mind, this must be done with the inclusion of the broadest possible public circles, with intensification and enrichment of dialogue and national understanding. In other words, the point is to create a great pro-reform coalition of Poles capable of bringing the country out of crisis.

PERSPEKTYWY: ZSL members expressed disapproval of the strikes as a way of conveying social and political disputes to the field of the economy.

Malinowski: We have already had enough experience to know that this form of protest is not and cannot be a means of doing away with problems and difficulties and looking for better solutions. Peasants react to strikes with all the more disapproval because the cost of such steps ultimately falls on their shoulders too. Because strikes decrease production, including industrial resources for agriculture, which limits opportunities for the development of farms and threatens the existence of peasants. Strikes cause unrest, destabilize the market, hindering access to articles by rural residents. Besides this, they lead to the extortion of wage increases by workers and thereby also increase inflation, which aggravates the economic conditions of agricultural production.

PERSPEKTYWY: There are those who say that peasant selfishness seems to manifest itself in striving for calm.

Malinowski: Nonsense. The village understands workers because, after all, it has close family ties to the city, many peasants earn extra money in the factories, their problems are close to them and, as a rule, they share workers' fears and intentions, but the point is that they will not

forgive the method of fighting for an improvement in existence and healing the country. Strikes lie neither in the interest nor the position of peasants. Because a weak economy is weak agriculture; that is, a meager existence for farmers too. Prices for agricultural products still vainly follow prices for the means of production used in agriculture. There are not enough of them and they are more and more expensive. And inflation essentially strikes hardest those who force it. What is worse, strikes take on a political character. An enterprise must be a place for work and pursuit of growth, not an arena for a destructive political battle.

PERSPEKTYWY: Emotions, fortunately, have subsided, but the problems have remained. What proposals to solve these problems is ZSL promoting?

Malinowski: As we indicated in our resolution, it is necessary to go to the source and cause of the present situation in order to draw practical conclusions and establish strategic actions that will lead to effective resolutions of Polish affairs and removal of the causes of the strikes, including illegal ones, and therefore also to eliminate the threat of using force to establish order and calm. Neither one—not strikes or settling them by force—constitutes a way to handle problems. [passage omitted]

PERSPEKTYWY: So what should be done to avoid mistakes?

Malinowski: Overcome the socio-political crisis as soon as possible. Reforms that, as I emphasized, must have broader public support, are crucial to Poland. And this means that the basis of government must be expanded, also within the coalition of the three political parties operating here, but also to create conditions for increasing responsibility for Poland on the part of representatives of various public strata and circles.

PERSPEKTYWY: Does this also apply to the opposition?

Malinowski: Yes. During the Main Committee plenum session we said that responsibility for Poland is an integral matter, and since this is the case, it is crucial to take note of and bring into the dialogue opinions presented on many issues by representatives of the opposition—by those who do not aim for confrontation and stand on a position of respect for the socialist constitutional order and the alliances of the PRL.

PERSPEKTYWY: How far are we from opening up this process?

Malinowski: I believe this opening, which can be called historic without exaggeration was the Eighth Plenum of the PZPR Central Committee and Gen Wojciech Jaruzelski's speech. This intention is confirmed by the discussions undertaken by Minister Czeslaw Kiszcza, the announcement of the roundtable and the establishment

of the Council of National Understanding and the restructuring of the government. These are, so to speak, steps in the right direction. I think the actions initiated, in taking on, as time goes by, a more concrete shape with a broader scope and expression, will broaden the base of government and will attach to state and social structures, including the Sejm and the government, representatives of the constructive opposition. Certainly this will expand and enrich dialogue and national understanding.

PERSPEKTYWY: But are you not afraid—because one can hear such opinions—that this is associated with excessive risk?

Malinowski: This is undoubtedly an important and courageous step. But courage was and is needed on both sides. There is risk, of course, but this trial must be undergone. A new quality of forms of social and political life is being heralded. It is time to learn to relinquish resentments and biases, abandon obstinacy, exhibit trust and understanding, have respect for the partner's opinions and know how to carry on a dialogue with him on behalf of and with concern for the state. I want to emphasize once again that this is the only way to create a great Polish coalition capable of bringing the country out of profound crisis, to broaden the public base of government and bring broader public forces to reform.

PERSPEKTYWY: In other words, if I understand correctly, the point is the creation of conditions for legalization of the opposition?

Malinowski: Legalization, as you put it, means not only that the government acknowledges the existence of the opposition. It means something more. Not that its representatives will appear in the role of judges or censors of government actions, although that would be the simplest thing. The meaning of constructive opposition lies in the notion that its proponents find themselves in the structures of our state, which will ensure their influence, on principles of partnership, on the decisions made there, but at the same time will obligate them to accept responsibility for them. Because joint decisionmaking must be linked to joint responsibility.

PERSPEKTYWY: So a move from confrontation to partnership?

Malinowski: I know this is not easy, and it is hard for many to imagine, but it is necessary. It has its place in international relations, in dialogue and detente between East and West, so it should also find expression in Poland's internal relations. It is a long and complicated process. It would be a great mistake if we did not attempt to bring to the joint government of the country those persons who stand on other positions and represent other social or political options that nevertheless arise from sincere, straightforward concern for the condition and future of Poland. No one has a patent on patriotism. The words of Gen Wojciech Jaruzelski are engraved on my memory; he said in his speech concluding the PZPR

Central Committee's Eighth Plenum that it has already happened in our history that Poles stood against each other, then later walked arm in arm on Poland's behalf. This is precisely the issue.

PERSPEKTYWY: If a coalition has been discussed up to now, it meant mainly the cooperation of three political parties, the PZPR, ZSL and SD; yet now it should mean participation by other forces as well. But the ZSL has already spoken in favor of the need to make changes in the coalition system of government. Toward what should they aim?

Malinowski: Indeed, we have talked about this often in the ZSL and I have stressed many times that the key to Poland's problems is found in changing the system of government. First, the point is to enrich the coalition; hence—I repeat—broadening the base of government; second, drafting principles for general dialogue and partnership by all participants in the coalition; third, separating state, social, and administrative powers and structures from political ones. Duplicating functions, often associated with incompetence and a lack of responsibility, is the legacy of the 1950's and conflicts most obviously with renewal.

PERSPEKTYWY: Would you like to expand on this idea?

Malinowski: When one structure attempts to supersede another, it does not fulfill its own function and hinders the other; it replaces or incapacitates it. This is where the reasons for errors and mistakes, failures, sluggishness of actions and inadequate progress should be sought. Without replacing other bodies, representatives and self-management groups and political parties should concentrate their attention on delineating strategies for the development of the country or region. On ideological and political work. On formulating assessments and opinions and, of course, on indirect action, e.g., through their members and representatives in state bodies, people's councils, the Sejm and democratic structures. Parties must relinquish methods of managing and governing institutions. Considering the present state of public awareness and the need to reform the country, these methods can no longer be used. They alienate and discourage the people, diminish the role and function and powers and responsibility of numerous structures and institutions and hinder initiative.

PERSPEKTYWY: Perhaps not so much the parties as organizations as their numerous functionaries.

Malinowski: That is the outcome. That is why necessity demands looking after a party and administrative apparatus differently than before. Mindful of its service role, it cannot exalt itself above state and political, democratic institutions. Its old customs are also manifested in the form of arrogance and imperiousness.

PERSPEKTYWY: Let us return, Marshal, to economic reform. One does not hear anyone questioning its principles and assumptions, but the means of implementation evoke criticism. Does this threaten it?

Malinowski: That is essentially the case. I would say that it diminishes pro-reform motivation and generates impatience. And that is why the mistakes made must be set right quickly in order for reform to produce greater results. There is, for example, the matter of the instrumentation of reform. The excessive minuteness of recommendations and interference, the often excessive use of changing solutions or the lack of more stable ground rules leads to suppression and hampering of initiative and enterprise and does not serve to liberate them. Inadequate consideration of the specifics of individual areas of the economy. Besides this, reform imposes greater demands on economic policy, which is constantly being underestimated. Instead of perfecting the instruments of this policy which, by looking after the macro-scale, would create a general framework favoring the development of enterprise and economic freedom, initiative and self-management, the central and regional administration uses improvised actions or beliefs that reform is like a machine that in itself should take care of the matter. This puts enterprises in a difficult position. Some of them, instead of looking for ways to grow, aim for various kinds of relief and exemptions while others protect themselves from financial cuts, which does not mobilize them to better management either [—assage omitted]

PERSPEKTYWY: You mentioned that in implemented reform the specifics of individual branches and areas of the economy are not adequately considered. Does this observation also apply to agriculture?

Malinowski: Of course. It still has not encountered the kind of appreciation that should accompany it, a place in strategies for Poland's development. Our economy, whose restructuring cannot be accomplished, still works inadequately on the needs of agriculture and the food industry, without which there is too little progress here. And I need not emphasize the significance of food products for the country's stability.

PERSPEKTYWY: The crisis in agriculture, as you have said, has a delayed flash point but is manifested in its severe state. Is there now a threat of such a crisis?

Malinowski: The symptoms are already there. There is a real danger that under conditions of market disorder and intensified inflation, there may be, as has already happened in some cases, a decline in supplies of agricultural items. This is also related, as I have said, to inadequate supplies for agriculture and agricultural manufacturing on the part of those branches of industry that should be working on its needs. And as a result of a decline in profitability, farmers' motivations to produce are also diminished.

PERSPEKTYWY: This also intensifies the fear that the weakened economy and structure of our state may not withstand another wave of strikes.

Malinowski: I share that opinion. And that is why I emphasize again how important it is that real acceleration of socio-political and economic reform occur. The crucial outcome in this regard will be not only to neutralize strikes but also to cut the ground from under the feet of various political players who would like to realize their personal ambition at the expense of the state. Strikes are a blow to the heart of every one of us and to Poland. And in the international arena, since social upheaval and unrest impair the strength and position of Poland in Europe and the world. They narrow the scope of economic cooperation with foreign countries. [passage omitted]

PERSPEKTYWY: This also applies to agriculture and agricultural food processing. So what must be done so that multiple assurances about priorities for this area of the economy are implemented consistently?

Malinowski: First of all, to move from declarations to action. Even what was adopted in joint PZPR and ZSL agricultural policy has not been implemented. Capital investments for the food complex are much less than anticipated. We told ourselves that agriculture and agricultural food processing must be developed first of all. But that is not the case. So I want to say once again what I have emphasized many times—that the food complex has the chance to become our national specialty. It can be not only the basis of a sound economy, a drive wheel for desired changes in it, a stabilizer of the market and public feeling, but also the trump card in solving problems of foreign economic cooperation and getting out from under the debt weighing on Poland.

PERSPEKTYWY: Does the ZSL have enough strength and ability to handle consistent implementation of the principles of agricultural policy?

Malinowski: We have such influence. But certainly too little. So it is necessary to fortify the principles of partnership and, more than ever before, arrive at solutions on the basis of consensus. And therefore, again the point is the fuller use of existing reserves in the cooperation of the three parties. At the congress in March I expressed the opinion that we have already come a long way together, showing mutual trust and concern for a better state of relations, but if we take needs into consideration, then it must be said that we are only at the beginning.

PERSPEKTYWY: So how should the multiparty system in Poland change and function?

Malinowski: There should be no doubt as to the leading role of the PZPR. It is accepted and justified. It is the primary *raison d'état*. But the implementation formula should be subject to change. But this fact should not

limit opportunities for the crystallization of a great coalition nor, moreover, fortification of partnership within the framework of a three party system. And partnership cannot and should not limit the ideological and platform identity, independence and point of view of the coalition's participants, respect for the parties' position and arriving at a consensus. This should lead to optimizing decisions and expanding involvement in implementation. I think the values represented by the peasant movement, the platform it has and the great numbers of selfless members the ZSL has—these are our trump cards, which can and should be counted for the good of people's Poland. The interest of the state has always been the guiding principle for peasants and they are guided by this primary value now too.

PERSPEKTYWY: Thank you for the interview.

Polish-Hungarian Discussion Group on Reform's Ideology Problems

260000128a Warsaw *TRYBUNA LUDU* in Polish
22 Sep 88 p 4

[Article by Ludwik Loos and Jerzy Wisnioski: "Facing the Desired Changes Together"; Polish participants in Polish-Hungarian meeting included: Professors Artur Bodnar, Leszek Gilejko, Wieslaw Iskra, Aleksander Lukaszewicz and Leszek Posieczny]

[Text] On 8-9 September, at the MSZMP Higher School of Politics Building in Budapest, a discussion meeting took place between a group of Polish and Hungarian scholars—political scientists and sociologists. The subject was ideological issues brought to light in the course of political and economic reforms underway in both countries. The topics of discussion were: "Ideological Determinants of Reform," "The Reform of Economic Mechanisms and the Party's Managerial Role" and "Economic Reform and Ownership Relations."

The importance attached to this meeting by the Hungarian hosts is shown by the participation of a member of their Politburo, MSZMP CC secretary Rezso Nyers. Andrzej Czyz, director of the PZPR CC Ideological Department, represented Poland in the discussion, while MSZMP CC director of the CC Propaganda and Agitation Department Jeno Andics represented Hungary.

For two days, we had the opportunity of sitting in on this discussion, rich in content. We shall not attempt to summarize it. However, we would like to try to identify its major directions and point out some issues that were considered jointly.

At the outset, it is important to note that both the Polish and the Hungarian participants in the discussion made the assumption that economic reform is separate from the reform of the political system. Our Hungarian comrades stated frankly that particular failures in reform tasks embarked upon to date in Hungary in various

fields of the economy emanate from their being implemented within old structures and formulas of political life that do not correspond to the changing reality. This made the discussion about the changes that are so sought after in both countries in the political system especially lively and fruitful. Accordingly, it was stated that they are necessary not only to support economic reforms but they also must have an autonomous existence. This emanates from the needs and hopes of the societies of the two countries.

A second point—in the course of discussion, two viewpoints on the ideological categorization of social issues emerged. The first was more general and theoretical. In our opinion, this was the dominant view in the speeches made by Polish scholars. The second view was characteristic of the addresses of our Hungarian comrades. As Comrade Jeno Andics stated, this could be termed "everyday ideology" or that ideology that relates to the needs and hopes of working people. This does not mean that the two viewpoints were mutually exclusive. In fact, it may be stated that they complemented and enriched one another.

It was stated jointly that the values of this "everyday ideology" may be implemented at the level of the ordinary citizen and his society, whose institutions and operations are expanding. These are of interest to both parties, beginning with the enterprise self-governments and ending with the various organizations and associations, including religious organizations. They are forms of public life that are crucial to the self-esteem of individuals and social groups, the formation of human solidarity and the development of mutual good will. Under such conditions, the outlook on everyday life is better, there is more hope for the future and mutual aid in generating this hope is increased.

It was pointed out unequivocally during the discussion that this must be attended by suitable economic circumstances in everyday life. Hence, much attention was given to the economic reforms taking place in both countries.

From the statements made by the Hungarian scholars, we concluded that the Hungarians understand engaging in enterprise to be the freedom of the organizational unit to manage its economic resources. This is a prerequisite for the flexibility of economic processes and for the maximization of profits. Just as in Poland, the idea of engaging in enterprise travels its most difficult road in the state sector, even though there are noteworthy changes of late. In the coming weeks, the Hungarian parliament will examine the draft law on enterprises and forms of associating in the economy according to economic criteria. A thoroughgoing reform of the tax law also has been undertaken in Hungary. In the words of Deputy Finance Minister Istvan Kollarik, its central idea is "the neutrality of fiscal matters for all sectors."

For lack of space, it is unfeasible to discuss more extensively the interesting ideas that were shared by both groups on the subject of property relations in socialism. Let us merely point out that it was mutually concluded that public ownership is a constructive feature of socialism. On the other hand, the forms of this ownership and their virtues and defects will be subject to the historical process. It also was agreed that the Stalinist understanding of state ownership as the chief form of socialist ownership proved to be false in light of historical experience.

With emphasis and a clear understanding, our delegation expressed the view that there is an urgent need to develop a theory of a party operating under new historical conditions. Our discussants stressed that the strengthening of the party's leading and service role regarding the workers' class and the people demands the following: departing from operating with the state's help, the absolute recognition of the priority of political tasks over other tasks, the supremacy of the ideological connection over the organizational connection and reaching united action through the voicing of views while ensuring that the minority has the right to defend its position.

Like us, our Hungarian comrades understand that in its present form, the political system in force until now was incapable of incorporating new social movements. That is why they are following closely the processes taking place around this system and why they are attempting to combat these processes. They see the need for changes in the union movements and for extensive reform in the youth movement. It is understandable that they are very interested in our Polish experiences in this field.

Such meetings as the Budapest meeting are very valuable. In such discussions, where no one imposes his views on another and where ideas are presented openly, it becomes possible to define sharply the issues that are best resolved in common.

Hungarian Legal Group Visits Justice Ministry 26000128B Warsaw RZECZPOSPOLITA in Polish 24-25 Sep 88 p 2

[Article by (Or.): "A Visit by Hungarian Lawyers"]

[Text] A delegation of Hungarian lawyers led by Dr Gyulo Palamai, director of the Lawyers', Advisers' and Experts' Department of the Ministry of Justice of the Hungarian People's Republic, and Adam Takats, vice-president of the Hungarian National Lawyers' Council, is making a visit to study the work of the lawyers' and legal advisers' self-governments. They were invited by the Ministry of Justice.

The guests have already conducted talks at the Ministry of Justice. There, at the Office of Legal Protection Organs, they were briefed on this ministry's method of

supervising the legal advisers' self-government and on the minister's powers with regard to the legal profession. They also were received by Deputy Minister Jan Broł.

Then, at the Warsaw Legal Advisers' Chamber, the Hungarian lawyers obtained detailed information on the work of Polish advisers and their self-government. Dr Gyula Palamai and Councilor Adam Takats each spoke of Hungary's institutionalized programs and of issues germane to Hungary's legal advisers and lawyers. For example, to date only the lawyers' self-government has been in existence, but a similar body for legal advisers is planned for the near future.

Roundtable: Stress Political Pluralism Not Union Pluralism

26000127 Warsaw *RZECZYWISTOSC* in Polish No 40, 2 Oct 88 p 3

[Article by Piotr Olejnik: "To Go Beyond Solidarity"]

[Text] [Stanisław Stomma] "Preparations for the so-called roundtable (to which General Kiszczałk has extended invitations) whose chief subject is pluralism in the trade (union) movement and the search for (and the establishment of) ways to this pluralism—there is no doubt that this must be the foundation for the mentioned roundtable."

[Andrzej Stelmachowski] "The pressure of the present moment makes the most potent problem that of union pluralism and finding a place in the system for Solidarity."

[Jerzy Turowicz] "The main and nearly the only subject for the deliberations of the roundtable must be the problem of union pluralism."

[Antoni Maciarewicz] "First of all, pluralism of trade unions and associations and especially the registration of NSZZ Solidarity."

[Tadeusz Mazowiecki] "Precisely because it is necessary to talk in Poland about how to overcome the feeling of hopelessness, it is necessary not only to discuss, but also to resolve the basic issue—the legalization of Solidarity."

I have cited several characteristic views expressed by representatives of groups usually called "independent" from a poll by POLITYKA titled "With What to the Table?" Really these are not views. All of those quoted above are of one opinion on the issue they regard as basic: the relegalization of Solidarity is the basic element in the renewal of the Polish political system, the construction of a reform-oriented coalition, an anti-crisis pact, a factor conditioning the success of talks at the roundtable. Simultaneously, statements by representative bodies, associated in this or that way with the former Solidarity which met about two weeks ago at the parish of St. Brygidka in Gdańsk are presented in this same spirit.

We are clear then as regards the attitudes of one of the sides sitting down to the debate at the roundtable: the key problem to discuss is the question of Solidarity and the failure to resolve it in accord with the above mentioned opinion can be the cause of a fiasco at this roundtable, with all of its consequences.

The voicing of unpopular views can be risky, but on the other hand, it is not possible to practice journalism without taking certain risks, so I will take the chance. I do not think that the relegalization of Solidarity is a remedy for the Polish pains, that it is a decisive factor for untying the complicated Polish knot. I attempt below to support this opinion, beginning with the answers to the question about what Solidarity in its old form was.

I yield the floor to the leaders of that group, citing their statements at the meeting of the National Coordinating Commission (NCC) of NSZZ Solidarity at the end of July 1981.

[Andrzej Wielowieyski] (at that time an expert of the NCC): "We are representatives of all of the workers and their families; thus, we are counter-partners of the authorities in the area of social policy."

[Jacek Kuron] (at that time an expert of the NCC): "What we are doing is political activity."

[Jan Rulewski] (at that time a member of the presidium of the NCC and chairman of the Bydgoszcz Regional Board): "We are a socio-political opposition movement."

[Karol Modzelewski] (at that time a member of the presidium of the Dolny Śląsk Regional Board): "We are a socio-political opposition movement that was founded as a trade union and that must maintain that character."

Avoiding an answer to the important question whether it is possible to be a trade union movement and a political opposition, we say only that that many-million-member organization was largely infiltrated by an organization, which was founded in the middle of the 1970's in opposition to the authorities, that desired to broaden its social basis through Solidarity and gain a ground for legal operation. Within the union itself, as a result of the activities of the above mentioned forces and as a result of a natural evolution of political attitudes—especially among the leadership—in the organization that developed through disputing, several groups representing varied views of a series of essential problems concerning politics and the future of our country developed.

Again it is appropriate to yield the floor to the Solidarity activists themselves. One of its experts was Jan Lityński, who prepared a short paper titled "Workers' Clubs—Why They Should Be Formed" in the fall of 1981, in which he distinguishes five visible orientations in the "socio-political opposition movement" (the quotations come from the paper mentioned).

1. The Workers' Defense Committee. "The Workers' Defense Committee movement entered into Solidarity the most deeply of all of the democratic opposition movements and practically, other than publishing activities, has ceased to operate on the outside."

2. Confederation for an Independent Poland. "In the currently complicated situation, when desperate people go into the streets, the Confederation for an Independent Poland will undoubtedly win supporters because of its simple claims and ease of judgment."

3. Populist groups, reminiscent of the Grunwald Patriotic Union. "Grunwald itself is obviously too compromised, but a group of a populist, nationalist character can be a threat to Solidarity in the near future."

4. A christian democratic group. "The question arises about the degree to which the Church will be inclined to support the formation of a christian democratic group within Solidarity."

5. A compromise group. "Within Solidarity, especially among parts of the leadership and experts, there is an influential group that sees an opportunity to resolve the majority of problems by way of compromises."

Analysis is analysis. It may be more or less successful. The question, however, does not concern its merit, but its marking of a fairly essential phenomenon—the evolution of Solidarity from a trade union to a "socio-political opposition movement" to an organization in which groups competed, fought for influence of a clearly political nature. During the final period of the legal operation of this organization, the formation of a political party on its basis was openly discussed among the leadership bodies. Recall the initiative to form a Polish Labor Party or the idea to organize Social Initiative Clubs, which were to be the foundation for the formation of a party of an apparently social democratic orientation.

Seven years have passed, not obviously without having any effects on the picture of the domestic political situation in Poland. Ignoring the changes made during this period and proposing a return to what was in the past is a step backward in my opinion. We must go forward and quickly.

What might such a forward march look like? Going beyond Solidarity and reaching for the political groups that fought for influence in it and which Jan Litynski mentioned. To some of them and also to others, for over these several years the political palette of colors has undergone significant evolution and has been enriched. The list of existing political thought clubs, dialogue clubs, groups centered around officially and unofficially published periodicals, and associations with political

aspirations is long. A subject for a separate, very interesting analysis.

Let us summarize the logic presented above. Political pluralism, not union pluralism, should be the foundation for the discussions at the roundtable. A political pluralism that is fundamental with respect to union pluralism. The point is to take up matters at the point at which they were more or less suspended a few years ago, to construct a non-confrontational, multi-layered politics, and not to recreate the Solidarity magma.

I will cite here a fragment of an important statement by Deputy Ryszard Bender during the historic session of the Sejm last week. "As before the war, the various trade unions—class, christian democratic, solidarity—should be able to practice politics exclusively in the parties with which they are associated, not in the plants." In order for this to happen these political organizations must first be formed; the trade unions then become a secondary question.

To talk about Solidarity is to stay within the old scheme, which says a lot here, an old scheme that does not go beyond an elementary constructive efficiency in operation. Perhaps it is also an attachment to a symbol or a sentiment for the "good old days." But life goes forward and demands something more.

It is surprising that people with recognition and honor in various groups—many of them are quoted at the beginning of this article, many participated in the "congress" at St. Brygida—act as if they had not noticed this. It is all the more surprising, even paradoxical, that many of them are engaged in activities of a largely political nature, and it would seem that they should be interested in the regulations precisely in this area above all. Meanwhile, these individuals put emphasis not on the question of this or some other institutional, organizational, or systemic regulation of political pluralism—the number one issue for the roundtable—but on the legalization of Solidarity.

Is the latter to serve as a pressure lever on those invited to the table, who may be partners tomorrow with whom decision will be made jointly—surely not always without pain and conflict—about the policies to be implemented in the country? A lever, in spite of the fact that it is in this form. If a given question is not resolved in accord with our suggestions, then we will appeal to Solidarity and, supposedly, we will strike.

Such joint decisionmaking is unacceptable, just as the transfer of political disagreements and discussion to the economic sphere is unacceptable. This is why we speak of political pluralism and not of union pluralism. This is why we place the first at the center of the Polish debates and treat the second as a secondary issue. This is why we should go beyond the mythology of Solidarity.

Passent on Social, Political, Trade Union Pluralism

26000157a Warsaw *POLITYKA* in Polish
No 42, 15 Oct 88 p 16

[Article by Daniel Passent: "I Think That I Doubt"]

[Excerpts] What is the difference between an optimist and a pessimist? Let us take Rembrandt's famous painting depicting a group of surgeons gathered around the operating table on which lies a patient with an open stomach. According to the optimist, this scene represents an operation; in the eyes of the pessimist, this is already an autopsy. This operating table and group of gathered surgeons comes to mind in connection with the round-table around which political doctors will gather to try to save ailing Poland. However, let us imagine that this same scene is being painted by some present-day Polish Rembrandt, if only to mention Jerzy Duda-Gracz or Edward Dwurnik. In Dwurnik's painting, every other surgeon would have a scythe, a rubber club, a metal rod or stake in his hand and the snatching away of lancets, struggling, beating each other and even perhaps beating up on the patients or corpses would occur. The canvas of Duda-Gracz would depict doctors looking worse than their patients and these would die of fright from such a sight even before the operation.

In any case, when we look at this giant political spectacle which is taking place before our eyes; when we read the different views and recommendations, it is difficult not to worry about the fate of our country and wait hopefully for the outcome of the bickering. Many of the statements made even by important people are imprecise, not thoroughly thought out and clearly not coming from the followers of Prof Ajdukiewicz and, therefore, unconvincing and in reality, it is difficult to come to the conclusion which view could be defended doggedly. "Is the lack of political views a sin?" asks Piotr Wojciechowski in *PRZEGŁAD KATOLICKI* and adds, "How are we to determine our thinking about pluralism when this thinking must precede actual pluralism?" I understand this dilemma well. Unfortunately, an author, who is usually well-informed about matters involving sin, does not answer his title question. Therefore, I do not know whether not having thoroughly specified political outlooks makes me a sinner or whether I will go to heaven.

I envy people who know exactly how things are and how they should be; people who categorically and immediately demand union pluralism, for example, while ignoring the danger connected with this, as well as their adversaries who reject any and all possibility of legal opposition. Those who say: "Genuine social and political pluralism first and union pluralism later," sound relatively the most convincing. Why? Because this succession gives hope for drawing closer to democratic and parliamentary pluralism in a safer and less conflicting manner. On the other hand, a very great danger is hidden from the very outset behind the screen of union pluralism: that a bipolar division will be recreated from before

martial law. The paradox lies in that Solidarity which is forcing open the door to pluralism, would have to allow other organizations to pass through in front. I don't know whether this is possible or realistic.

We read the following in *TYGODNIK POWSZECHNY* (No 41): "Not more than several days ago, I read in *POLITYKA* that the proposal of union pluralism is tantamount to the demand that the government commit suicide. This view expresses rather well the psychological blockade on the part of the administrative circles toward "Solidarity's" reactivation (Law of 31 July 1981 on the control of publications and entertainment, Article 2, item 6—*DZIENNIK USTAW* No 20, item 99, revised in 1983 in *DZIENNIK USTAW* No 44, item 204). The lasting reconciliation between communist rule and union pluralism is a key issue for Poland's future. He who claims that these are things impossible to reconcile opts for confrontation and not for compromise." With all due respect, this reasoning does not seem logical or accurate to me. What does the reconciliation of union pluralism and communist rule mean? Is this supposed to denote the reconciliation of Solidarity with communist rule? What kind of Solidarity with what kind of communist rule? What authority would one and the other have? What circumstances and experiences indicate that such reconciliation is possible? Perhaps the author [of the above quoted statement] is thinking of purely union-type pluralism; of various centers, primarily apolitical in nature, which form after politics is taken out of work establishments? In any case, until we determine for ourselves what union pluralism is to be like with which the communist authorities should reconcile, this will remain a beautiful catchword which requires more precise defining.

Of course, it would be very desirable if the authorities could come to terms with every form of pluralism, not necessarily only union pluralism. However, it is worth remembering that the proposal of union pluralism in Poland is frequently made as a substitute catchword—as, indeed, a proposal of undefined, political pluralism, not in the sense of such or other electoral agreements, legislative compromises or promises made at the round table but in the reality which would be comprised of a multi-million member union, on the one hand, and the authorities on the other, i.e., this bipolarity which sensible people do not want because it threatens with confrontation. [passage omitted]

I also do not understand very well why someone who claims that union pluralism is impossible to reconcile with communist rule "opts for confrontation and not for compromise"? Where does this suspicion of ill will, of confrontational tendencies among those of opposing views come from? I would think that a learned individual, more frequently than others, meets people who express different opinions for reasons other than alteration. I even know Catholic and Western journalists who are not at all interested in confrontation but despite

this feel that here and now, the simple recreation of union pluralism or another form of the unions-authorities bipolarity conceals the threat of confrontation.

When I read certain American speeches and editorials on Polish issues in the NEW YORK TIMES, for example, I get the impression that they want union pluralism precisely because it forebodes the end of control and the beginning of confrontation.

I will repeat one more time: there is nothing better than the coexistence of government and pluralism including union pluralism and even better if this government comes about from pluralism. However, this does not mean that the detection of danger or the view that this state of affairs would be premature in Poland, automatically makes one an advocate of confrontation. It is one thing to claim and another thing to "opt" for something. To return to Rembrandt's painting: everyone wants the patient to get well but if someone recommends a treatment that differs from ours, this does not mean that he wants to kill the patient. I do not rule out such an evolution of the situation in Poland whereby the coexistence of the communist government with union pluralism will be possible or necessary. It would be ideal if such a situation could be tested in the laboratory, for example, whereby initially trade union pluralism is allowed only in private, foreign, cooperative, Polonia-type or mixed enterprises. I would gladly observe such an experiment.

A journalist's task and especially that of a columnist is, among other things, to question that which seems obvious to others. At the present time, when a certain chance is opening up at the roundtable for state issues to arrange themselves, the controversy concerns not so much that which is desired in Poland since the conviction about the superiority of the market and pluralism has won, as that which is possible in Poland here and now. An important role in this issue is also played by the geopolitical factor, thus, Poland's geographical position and our political, military, ideological and economic relations with our neighbors. Every important discussion about our future must take this factor into account. And here I agree with Karol Modzelewski that "the detotalitarianization of government structures which will permit its efficient functioning with a considerable range of freedom and, therefore, which will enable lasting coexistence between the communist government and Solidarity appears more attainable during Gorbachev's era than 8 years ago." Yes, but "more attainable" is a banal concept since nearly everyone on the authorities' and on the opposition's side realizes this. I write "nearly everyone" because there are those of the Right who are trying to discredit Gorbachev's reform efforts and portray their author solely as a contemporary, more Europeanized form of a communist autocrat. However, even if we consider such attempts [at discrediting Gorbachev] as not to be taken seriously, the question still remains—What does it mean that democratization in Poland is "more attainable"? Does this mean that everything is attainable and if not—then what is? [passage omitted]

Commentary on Rakowski Government,
Personnel, Transitional Nature
26000157b Warsaw POLITYKA in Polish No 43,
22 Oct 88 pp 1, 7

[Article by Jan Bijak: "Government of Expectations and Hopes"]

[Excerpt] [Passage omitted] What can be said at the very outset about the new cabinet? First of all, that it is incomplete. In part, this is incompleteness that has been made necessary and in part, assumed. One vacancy [in the cabinet] results from the plan to modify the government planning institution. And here it should be assumed that this is not a question of superficial changes but a new placement in the system of reform. The postponing of staff appointments is understandable here. Two vacant posts: that of the deputy premier and that of the minister of labor, wages and social affairs were offered to activists from outside the traditionally formed government coalition. These were to be individuals close to the episcopate. However, they did not agree to accept the cabinet posts despite talks and incentives. We know from statements made by those concerned themselves in front of microphones of Western broadcasting stations that the offers were rejected by Prof Witold Trzeciakowski, economist and chairman of the Church agricultural committee, to whom the premier offered the post of deputy premier of cooperation with foreign countries and finance, and by Aleksander Paazynski, president of the Murator cooperative and close to Solidarity, author of many publications on the housing issue to whom the position of secretary of state at the ministry of land management and building construction was offered. Prof Trzeciakowski told Radio Free Europe: "This offer made by the premier is very interesting from the point of view of my professional interests. Unfortunately, I was unable to take advantage of it because I did not have a social mandate [mandat społeczny] and without such a mandate, I do not see any chances for success. That is why I had to decline. In any case, acceptance would be contrary to the logic of the roundtable. I presented this logic to the premier. It is based—at least in my opinion—first of all, on the acceptance of trade union and association pluralism because what is of importance here is the autonomy of this community. Secondly, it is a question of working out an agreed upon program of institutional changes and changes in economic policy. Third, it is a question of defining the extent of participation in decisionmaking, in their [decision] supervision and the extent of joint responsibility of society in the new system of government. It is only on the basis of such agreed upon decisions that the delegation of representatives of social forces to the council of understanding or for participation in the administration of national understanding or in deciding how this institution will be set up during the proceedings of the roundtable can occur."

This reasoning has its logic for if the roundtable talks were to end in a fiasco (knock on wood!), those involved with a group of discussion participants other than the

government group would find themselves in a dubious position. On the other hand, however, it may be assumed that the talks will lead to their most direct goal, i.e., to the appointment of a Council of National Understanding and it is only there, in how long of a process—we do not know, that the structures of broader cooperation of various social forces will be created. It is possible that the presence of people in the cabinet from a structure other than the current ones would offer experience useful to that fundamental goal. Meanwhile, the doors remain hospitably open and it cannot be ruled out that as the debate at the roundtable continues and the image of the government gains clarity in public opinion, so also those remaining posts to the cabinet will find such occupants as the premier had wished.

My colleagues present the individuals who make up the cabinet staff within the pages of this issue. Essentially, each one is an unknown because it can never be predicted with a high degree of certainty how someone will conduct himself in the new position. Even those who assure continuity in the cabinet, may reveal less known personality traits in a new work-style and in a different atmosphere. I would like to call attention to a few signals which Rakowski's cabinet staff is emitting.

Two allied parties have two portfolios each. This denotes regard for the coalition formula. It has been made known from another source that the Peasant Party activists had an appetite for a third ministerial post. However, even without this, their position has been significantly strengthened. They have taken over from the PZPR the ministry of agriculture, forestry and food economy which is, furthermore, connected to the office of the deputy premier. Therefore, the possibility of implementing the goals of the party as well as its prestige among farmers—the primary clients of the ZSL, is growing all the more that at one time forestry was a separate ministry. Moreover, in taking over agriculture and environmental protection, the ZSL is accepting joint responsibility for two out of the three priorities of the new government.

Mieczyslaw Wilczek has been appointed minister of industry. He is a man with a rich past who has travelled the various roads of socialized economic structures but who appears here as a private businessman, the co-owner of a foreign joint venture—a man with personal success. On the one hand, this will be a guarantee that the private sector, the proverbial orphan, will find its protector. This should pay off for the head of the government because he has made an unconventional decision which is also in keeping with the social call for equality among the sectors. On the other hand, however, this may become the subject of criticism because never has the representative of a private enterprise come so far in a socialist country and never has the scope of assets, revenues, trade turnover constituted such a challenge for the commonplace inclination toward egalitarianism and demagoguery.

From the conversations that I have had with people who know the new members of the cabinet and have known them for a long time, it follows that this will be an energetic group and in its own way different from the former, "dennish" [profesorskiej] one. Rakowski himself is a very active, resourceful man who does not put off until tomorrow what can be done today. Such is also Mieczyslaw Wilczek, Dominik Jastrzebski and Jacek Fisiak, although it follows, if only from the articles published recently in *POLITYKA*, that the latter is regarded as a man who sometimes causes problems because of his dynamic energy.

Speculation on the subject of regional representation usually accompanies new administrations. At one time, for example, we referred to the coal-basin or Slask administration. If we were to continue this train of thought, then this administration has a strong Warsaw characteristic. However, this does not necessarily have to lead to something right away. I feel that this is the result of organizing the administration on the basis of the good of the people, who are known to the premier, and who in his opinion simply assure good results.

Everyone is calling attention to the nonconventionality of the government exposé. It was brief, free of traditional jargon, general but not vague. When we recall those tapeworms of the past full of infusions [wlewka], interjections, chocolate covering and ton-kilometers, our eyes begin to tear-up but by no means because of sadness for paradise lost. The supplementary document, which the premier has called a "reports-receptive protocol," and which was published in *RZECZPOSPOLITA* was a good idea. It is sound, necessary documentation which has not obscured the Sejm debate. I am calling attention to this because this is not just an official matter. This was aptly perceived by Wojciech Jaruzelski who was the first to break the binding ritual. The new style serves to emphasize the speaker's personality, distinguishes and not equalizes; constitutes a challenge to official drabness and is comprehensible and, therefore, more democratic.

It would be absurd to summarize the exposé. It is short enough for those interested to read it in its entirety. I would like to call attention to one thing—the choice of strategic priorities. There are three of them and we should appeal to the chief official not to allow himself to become mixed up—as tradition would have it—in the miraculous multiplication of these priorities. The housing issue is so glaring and at the same time so embarrassing that Rakowski was right in confining himself to only making mention of it. However, the two remaining primary objectives of government strategy constitute a novelty in a certain sense. There was always talk about food and agriculture in our country but somehow it was always without conviction and according to the litany of industrial goals. This time, there is the impression that we are finally beginning to treat agriculture, indeed, seriously as the national industry which is not only supposed to fill up pots and pantries but is also to have an important standing in exports. However, another

warning signal comes up: let this be implemented consistently. What matters is for agriculture not to slide again in our hierarchy of things, as has always been the case, and that we treat this sector objectively without the ideological overtones of the equal treatment of all sectors but also without the gushiness of the exalted idealization of the peasantry [chłopomanska rzeźliwość] because that which exists cannot be allowed to become petrified.

Environmental protection has never before been brought to such prominence in government. And here, as opposed to the food sector, opinions are no longer unanimous. The former concerns the table, our stomachs, existence—a Pole understands these things. However, ecology is always regarded as a kind of luxury, a novelty that is in vogue and imported from the Western rich-folk. Recently, in one of the local weeklies, I read the speech made by the governor who regards the issue of environmental protection as an imperialistic transplant and a hideous attempt at increasing Poland's problems. Meanwhile, despite the threats that the present age brings to our environment, this is a political problem par excellence. I believe that this is how Rakowski sees it—as one of those intensely important issues of our day and age which build cooperation between nations, a feeling of unity and which at the same time, make the greatest impression on young people searching for a place in the coming era.

I have come across the opinion that Rakowski's cabinet is "transitional." The intent of the person expressing this view was skeptical and rather disinclined toward the government. "Transitional" means temporary, the kind that fills in some sort of time gap or political void between the current crisis era and a new system which next year's elections, changes in the constitution and a new constellation of social forces are to bring. I agree with the formula of a "transitional" government. The only thing is that I understand it differently. Not as the patching up of a temporary and personnel gap but as the mission of implementing tasks of the transitional period and preparing political as well as economic structures first for a state of "normalcy" about which M.F. Rakowski spoke in the expose and then, for taking on the most difficult challenge: a way and means of life for individuals and the nation at the threshold of the 21st century.

ROMANIA

**'Systematizarea' in Large Iasi County Commune
27000012 Iasi CRONICA in Romanian 30 Sep 88 p 2**

[Article by Vasile Iancu: "Belcesti—Building A New History"]

[Text] On a full summer's day, and moving at a quick pace, it still does not seem that you can make it from one side to the other of this large Iasi commune, Belcesti—second in size only to Flaminzi here in northern Moldavia. But the people here are not satisfied with this,

because size is not the same as worth; they realize that economic power must be doubled, this is, the commune's wealth. Intense pride envisions a fully developed locality. High aspirations are apparent. The immediate goal is to make this commune of some 14,000 inhabitants an urban center for the surrounding countryside. The beginnings are promising: apartment complexes in which about 150 families now live—apartments having running water and sewage systems, and a paved road connecting with major streets. There are two large agro-industrial units and a highly mechanized animal husbandry enterprise. There are schools, a number of schools, including a new high school that currently has evening classes. There are workers here, light industry and handicraft artisans who make rugs, knitwear and clothes for export; goods and services here generate tens of millions of lei. A beginning which already indicates that which is to come. In the center of the commune, which over the years has comprised the villages of Valeni, Ciorani, and Rusi, joined together in a single unit, it is easier to see the process of systematization. "Regardless of what is still to be built—we have lovely plans that have been approved and a number of investments have already materialized such as the apartment complexes—the most important source and resource for the prosperity of Belcesti residents is and will remain the land." So says mayor Adrian Tutuianu authoritatively. "Yet the land can give more. And then there is the issue of processing the harvest surplus, perhaps in semi-industrialized workshops or even in small factories. It does not make any sense nor is it profitable to travel tens of kilometers with our legumes which are luscious to look at, only to have them arrive dried out and able to fetch only a poor price, instead of processing them here at home. Nor does it make any more sense to bring metal from the city so that we can make metal goods here in the countryside. Yet, there are still examples of this." Healthy outlooks that spring from the major demands of the country's socialist evolution.

As with all our localities, Belcesti has roots in the past. This settlement too has its history. Just like the village Ulmi, and farther back in history, the now-disappeared Plopi, from which remains the name "The Plopi Pond." Also, in the Bahui Valley a short distance away some 40 settlements dating back to the period of the Cucuteni Culture have been unearthed. And farther back than that. And if the village Munteni, large and well-to-do, was founded 106 years ago by men coming down from the mountains, especially from Pipirig—and from that bend in the mountains called Pipirigeni—where David Creanga grew up, the grandfather of the storytelling genius, and from Poiana Largului, there were settlements that went back much farther. A few years ago, a plow broke ground nearby and uncovered a pit with bronzed walls, built to last, filled with millet. The grains that had been stored there hundreds of years ago were almost edible. The spot has maintained the name, "Millet." History professor Gheorghe Enache, an intellectual of the area, who loves the village and not just as an idyllic site, has written a monograph on the community, a

scholarly work that brings together a number of significant items. From the plowed earth, from priceless collections, historical documents from the contemporaries of Petru Rares and Petru Schiopul....

On these lands, packed with witnesses of our continuity, a new history is being built. It is full of fundamental advances, with elements that bespeak civilizing effects. And this future agroindustrial mini-city will have its own definitive personality. It would be unnatural to build cities and towns that were indistinguishable from one another. The individual architectural styles alone, as well as the way systematization is adapted to local requirements confer uniqueness to each community. There are good people here, those coordinating this systematization whom, we know, want to make sure that when a visitor comes to Belesti he knows he has stopped in Belesti and not some other town. They want the center of this future mini-city to be built more rapidly, to be more pleasing to the eye, with better constructed dwellings and with an architecture closer to the soul of the countryman. They want the larger village such as Munteni to be modernized with an eye toward the perspective of today's rural inhabitant; they desire a rapid consolidation of the economic potential of agricultural and agroindustrial enterprises and a better use of the traditional values of peasant work, of profitable employment. Obviously, all of these projects, some scarcely on paper, others fully underway, cannot be achieved except through a united effort. We must eliminate, resolutely but wisely, the inertia that is still encountered. About all these matters and about others concerning the commune's development, we spoke with the veterinarian Victor Budeanu, director of a livestock association with record production in the county and a son of peasant farmers from Belesti; with Master Constantin Petras, director of a cultural activity who is working very hard—we believe very usefully—with other professors and peasants enamored of intellectual traditions, to put together an ethno-folklore collection ("so that we do not squander the dowry of our spirit."); with the mayor, and with "Uncle Gica the fisherman" as people here call Gheorghe Ionescu, a well-known local fish farmer who overseas one of the largest and most profitable fish farms in the county. These are men who define the personality of this vibrant collective, men with balanced vision and perspective.

Since we mentioned earlier traditional occupations—although not only for that reason, we should note that of the 11,500 sheep cared for by peasants, if we figure correctly, over 6000 are in Munteni alone. Of German heritage, the shepherds of the mountains have not forgotten that their fathers and forefathers climbed up and down these heights with their flocks. They have not forgotten this profession and they follow it today with peasant skills; men like Gheorghe Balmus or Neculai Costea. These folk, and that subtle instrument of the heart which plays such haunting melodies and hangs at the peasant belt alongside the tinderbox striker, the shepherd's flute, are much honored in the village. At every festival of the village sons, which take place at the end of August, they play the flute such as in 1982 when

they celebrated the first centennial of the written record of their village, flutists—be they peasants with whitened hair such as Dumitru Gherasimescu, or teachers such as Vasile Gherasimescu, or students—recreated an endless world on the stage for the Festival of Work And Creation, with the sounds of this simple instrument. First-rate guardians are these Muntenians, and kind-hearted protectors of traditions. It is their belief that you must live as a son of the earth, that you should not cast a shadow in vain, that you should leave something lasting behind you; not only, as the poets say, a warm memory but measurable goods for the commonweal, as the poet leaves behind his poem.

In their ever-increasing endeavors toward images of the future, these men of Belesti daily perform their work of mind, power, and intellect, so one day their descendants will record that in the final decades of the 20th century, foundations were laid for a new settlement of urban life; one in which the love for the land was not extinguished.

Novelist Preda's View of 'Satanic' Leaders Discussed

2700009 Bucharest *ROMANIA LITERARA* in
Romanian 6 Oct 88 p 5

[Article by Traian Podgoreanu: "History and Human Condition"]

[Text] Many of our writers pursue the relationship of man with history, with time, of freedom and the human condition with historical necessity. In Marin Preda, this concern appeared as far back as in his first novel, "Morometii" [The Morometes], and was never abandoned, to culminate in "Delirul" [Delirium] and "Cel mai Iubit Dintre Pamineni" [The Most Beloved of Earthlings]. "Morometii" is the book of historical paces, of different times and of different rates of passage of time: "The theme of time that has infinite patience with people" is pursued in volume I of "Morometii," but with the outbreak of World War II, "Time no longer had patience," and thus volume II of "Morometii" becomes the book of fast times and paces. In fact, they are two books about different eras: a quiet era, giving people the illusion that the times are one with them, and a troubled era, full of deception, reminding them at every step that they are subjugated to the times, that insoluble problems also exist. Marin Preda's other novels involve an "immediate" historical time ("Risipitorii" [The Prodigals], "Intrusul" [The Intruder], "Marele Singuratic" [The Great Loner], "Cel mai Iubit Dintre Pamineni") or a very near historical time ("Delirul" [Delirium]). We will not dwell on each of these books, but just on "Delirul." The path that we will follow—a parallel between "Delirul" and "War and Peace"—was suggested to us by Marin Preda himself through his direct references to Tolstoy.

By means of his work, Tolstoy stands out as a titan and a pioneer from both a literary and an ideational viewpoint,

with his modern epic, "War and Peace," representing—Tudor Vianu feels—"the most decisive turning point in the entire development of the universal epic, after Homer and Virgil." We have here the explanation for his considerable and continual influence on writers from very different eras and areas. Marin Preda is one of the contemporary novelists who have pondered deeply this influence, Tolstoy's philosophy and literary art. One characteristic of Tolstoy's novel is that it contains not just an implicit view on history but also a broad and coherent view displayed explicitly in the frequent historiographical reflections and especially in the demonstration made on scores of pages in "the Epilogue." In "Deliul" we have an implicit view on history, a description of events, as well as comments in which Preda's view is outlined, but not as systematically and comprehensively as in Tolstoy's novel.

In Tolstoy, the accent falls on history and the role of the masses, on the profound laws of their movement, on the problems of historical knowledge. Preda shows interest in the leaders during World War II and in their acts: "The history of the great human masses," he specifies, "viewed from above and subject to mysterious laws, which draw into their orbit the leaders, simple clowns who have the illusion that they decide things, is not the object of those pages of history that will be described in the present book. That clown is the most interesting, since he seized or paralyzed our will and acts on our behalf, and although the general desire was to escape from him as quickly as possible, as was the case of Hitler, the facts showed that this was not possible except at the price of endless human sufferings and calamities. No one will say that these human sufferings and calamities changed by one iota the truly implacable course of history. If this course has a direction, and it belongs to history, then the suffering is ours and belongs only to us; history has nothing to do with it. Who is provoking us?"

In that passage we sketched the main features of Preda's view on history, those that recur at other points in the narrative, namely: 1) the postulation of determinism; 2) the skeptical attitude; 3) the fatalistic tendency; 4) the acute interest in leaders; 5) the human's disquiet.

From an ontological viewpoint (of the theory of history), Tolstoy and, influenced by him, Preda share a deterministic view whenever they presuppose the action of forces, causes, and laws in history, "historical necessity;" the premise of determinism is always present and there is no sense in our dwelling on it. From an epistemological viewpoint, however, the view of both takes on a skeptical hue. Tolstoy speaks of "the mysterious forces that set mankind in motion," specifying: "mysterious, since the laws that determine these movements are unknown to us." It sometimes seems that Tolstoy believes in the possibility of historical knowledge. Formulating a series of questions about the events in 1812, he continues: "In order to give an answer to these questions, we turn to the science of history, which has as a goal precisely the self-knowledge of the peoples and of mankind." A page earlier, however, he had asserted: "The object of history

is the life of the peoples and of mankind. It is impossible to grasp and comprehend directly through words the life not only of mankind but also just of a single people, in order to describe it." Preda is not as interested as Tolstoy in whether or not it is possible to discover the true causes and laws of historical evolution, but his skepticism (on the plane of knowledge) is seen when, exactly like Tolstoy, from whom he also took the adjective, he speaks of "mysterious" causes or laws or when he comments on the appearance of leaders: "For us," he asserts, "and, in general, always for our descendants, it is a perpetual riddle that each hour of history calls onto the stage its man, who is often doomed to a tragic fate." Despite this disbelief in the possibility of solving the riddles of history, the prolonged efforts that they make to describe its movement, to grasp its mechanisms and laws of action, lead us to believe that their skepticism is a professed skepticism rather than a real, abstract one and is not operative.

To illustrate the fatalism of the two authors, we will not appeal to their characters (who may or may not represent them) but to their own comments. Referring to the human sufferings and calamities caused by World War II, Preda acknowledges that they did not change "by one iota the truly implacable course of history." Regardless of whether he had in view the most obscure people or the greatest, Tolstoy wanted to show that any of them is dependent on the objective course of history, that his will never reaches the proposed goal: "A number of free forces (because nowhere is man freer than during a battle, where he knows that it is a question of life and death) influence the direction of the battle's development, a direction that can never be known beforehand and never coincides with the direction in which any individual force is aimed." Alluding directly to Napoleon, Tolstoy asserts categorically: "His personal action, which could not have greater power than any one of his soldiers, did nothing but coincide with the laws according to which the phenomenon occurred." Tolstoy's text is richer, but at this time we intended only to show that, according to him, any individual will is totally subordinate to the objective laws of history.

As regards the role of the personality, Preda is radically opposed to Tolstoy's philosophy in some respects. Tolstoy feels that "in order to become convinced that the will of the heroes of history not only does not guide the actions of the masses but is, on the contrary, always guided by them, it is enough for us to penetrate into the essence of each historical event, that is, into the action of the whole mass of people who took part in the event." The denial of the role of "heroes" (as he calls them with hidden irony) recurs whenever he mentions Napoleon. Analyzing the war waged by him against Russia in 1812, Tolstoy points out that "Napoleon, who appears to us to be the leader of this entire action (just as, to the savage, the figure set in the ship's bow represents the force that guides the ship), was, throughout his activity, like the child who grasps a strap attached inside the carriage and

it seems that he controls the horses." Preda acknowledges Tolstoy's position and his determinism: "Indignant at the excess of the historians who too often explained everything only through Napoleon's acts and words, Tolstoy was justified in asserting that mankind's life as a crowd is conducted according to laws to which populations and leaders alike are subject." However, he acknowledges them only for "patriarchal times" and not also for the contemporary era: "We, however," he continues, "have discovered in our century something new, and not through World War I but through World War II—that the crowd can be led astray, and this is not through the collective will but through the will of only one or of a few." Grasping Tolstoy's exaggeration, which denies any role of the personality in history, and probably wanting to refute him, Preda, also the victim of an optical illusion (as Plehanov calls it), goes to the other extreme: In contrast with patriarchal times, he writes, "In our times, however,...doubt is no longer possible and the mystery is solved: Yes, a single man conceived everything beforehand, kept his thinking more or less secret, and applied it with a consistency that caused the misfortune of an entire civilization...." There is no doubt regarding Preda's belief that a single man could have done everything: "History," he asserts, "is not an immaculate goddess before whom we should humbly prostrate ourselves, since she selected as her hero a single man and gave him such power that it moves great peoples against one another and favors him to such an extent that...it protects him from all attacks...."

Consequently, while Preda exaggerates the role of leaders, history is, to Tolstoy, the accomplishment of the masses; absolutizing the role of the masses, Tolstoy performs programmatically a deheroization of history; strictly speaking, Preda does not turn to a heroic view on history (of the Thomas Carlyle kind) but transforms the leaders—but only some (he admires Churchill and De Gaulle)—into a variety of evil, diabolical geniuses. He calls Hitler a "satanic personage." Telling about a bird on the Danube Delta whose bizarre behavior pushed it toward disappearance and likening Hitler to it, Preda explains: "Hitler was like a homicidal bird, very gifted and cunning, having the genius of the great conquerors and representing a great danger to all his fellow creatures.... He had to perish." Preda consistently pursues his idea of "satanic" leaders, coming to equate their decisions to historical acts, to assert that history, "itself in a delirium," is expressed in the "furious delirium" of such a leader—of the Führer.

Tolstoy and Preda's different ways of conceiving history are reflected in the literary structure of the two novels: In contrast with "War and Peace," in which the masses become a central character, with their way of life, their psychological states, their movement as a crowd, their struggles and sufferings being described to us, but without neglecting individuals, which he creates with the same strikingness, in "Delirul" the author's interest is directed instead toward solitary individuals who became

leaders, toward the causes and conditions that favored their appearance and disappearance, toward their acts and decisions, toward their "great crimes."

It is nonetheless possible for Tolstoy to be right about Napoleon's invasion of Russia. Like any of his soldiers, Napoleon was subject to laws that he did not know, to a seemingly preordained fate, which, in fact, did not yet exist, but which was fulfilled as the French and the Russians acted, both some and others being subject to hidden, mysterious laws, according to which, as Tolstoy says, there occurred "the warlike movement, en masse, of the European peoples from the west to the east and then from the east to the west." Although an identical repetition of the phenomenon at the start of the 19th century did not occur, a similar movement of large masses from the west to the east, then, "according to a symmetry worth taking into account," a countermovement from the east to the west occurred around the middle of the 20th century. In the first case, Tolstoy states, the movement started in Paris, attained its culmination in Moscow, after which it reversed its direction and, reaching Paris again, subsided; in the second case, it can be considered that the movement started in Berlin, attained its culmination in Stalingrad, turned into a movement in the opposite direction, and, reaching the starting point, it too subsided. A similar phenomenon also occurred in Asia: Japan's advance toward the west, then a movement in the opposite direction, with the tragic annihilation in Hiroshima and Nagasaki. Regardless of the direction of the movement, it pulled with it, both at the start of the 19th century and around the middle of the 20th century, a large part of the European peoples. Preda pursued in "Delirul" the manner and the tragic conditions in which the Romanian people were drawn into the movement from the west to the east. On the last page of the book it says: "The end of volume I." Preda no longer had the time to carry out his intentions. Probably he would also have described for us the movement in the opposite direction.

The human's disquiet, as we called it, the continual questioning regarding the human condition, is common to both novelists. In Preda, however, and in contemporary novelists, in general, owing to the deepening of the historical crisis, the feeling of anxiety increases, sometimes to the point of exacerbation, and concern, an obsessive concern, for human destiny itself—of the individual and of mankind—appears. Referring to Germany's plans to invade England, Preda comments: "If historical necessity had required England to perish, it would have perished, and the causes of this perishing would have been profound and mysterious..." after which he adds moving questions: "But the extermination of the population that would have followed—would it too have entered the realm of historical necessity? The anonymous tragedies? The humiliation of man as a species? Who, in history, needs to humiliate us?" Examining contemporary historical conditions, Preda asks about the attainment and preservation of human dignity.

Our comparison pursued a few similarities and differences between the two novelists, from different times and tackling different moments and events of world and national history. Their distance in time and the events to which they allude explain in large part the difference in interpretation of history. Because Preda knows: World War II was not only a clash of peoples and of orders, a movement of immense masses in one direction and in the other, but also "a fall of humanity." In his novel, Preda succeeds in bringing out the worsening of the human condition in the 20th century, a significant part of the dangers that threaten man's dignity and happiness.

YUGOSLAVIA

Kosovo Called 'Weak Link' in Defense System
28000029 Belgrade BORBA in Serbo-Croatian
4 Nov 88 p 12

[Commentary by Gaja Petkovic: "Kosovo—Weak Link in Defense"; first paragraph is BORBA introduction]

[Text] If it is true that one of the goals of any aggressor might be to occupy and exploit only some parts of our country's territory which are of particular military-strategic significance for him, then even the slightest vulnerability in any of those parts—this therefore includes Kosovo—is certainly a problem of the greatest strategic importance.

When we discuss Kosovo from a military and geostrategic point of view, the following questions inevitably come up:

What does it mean for our country's defense when in one part of it, ethnically sensitive and strategically of exceptional importance, a counterrevolution has been under way for almost 10 years—the (ultimate) goals of which have been defined in advance and in public as destructive—a means of an ethnically pure region to satisfy the separatist strivings which would find their final expression in the destruction of the territorial integrity of Yugoslavia?

In wartime conditions, when unity of leadership and command of the armed forces and indivisibility in the organization of the defense is a fundamental condition, an imperative of success, what would be the significance of the objective separateness of the Kosovo defense segment from the republic of which it is a constituent part and from the country to which that segment is linked constitutionally and legally, via its region?

What would be the objective effect on the capability and effectiveness of our defenses in wartime of the situation that has arisen as we see it today in Kosovo: fundamentally disturbed interethnic relations and homogenization on that basis, indoctrination of the majority of the youth

with Albanian nationalism and separatism, disintegration of the enlisted and noncommissioned officer elements of the reserves brought about by forced emigration, and so on?

Warning From the Party Leadership

There are many such questions which we would be justified in asking at this moment but unfortunately society still has not provided the right answers to them. And, insofar as it has the answers, they are being put into effect so slowly and ineffectively that objectively yet another question arises: what is the price that we will have to pay sooner or later for all our inertia, lack of seriousness, and irresponsibility if we do not take at least the most necessary, correct and energetic steps very soon?

At the 17th Session of the Central Committee of the League of Communists of Yugoslavia, Kosovo was inevitably a topic of discussion. Many comments on the situation in that region were very forceful and impressive but two of them—because they dealt with Kosovo from the most sensitive point of view, from that of defense—provoked particular interest. This was due to their content as well as to the final assessments they provided of Kosovo. First, Nebojsa Tica provided the facts in a frank and well-argued way about the activities of 241 groups—1,600 Albanian irredentists—in the Army and their preparations for the grossest terrorist actions, up to and including armed mutiny, desertion from their units, and raising an armed revolt in Kosovo. Next, Stevan Mirkovic expressed his view of the situation in Kosovo concisely and in very simple words, as is proper for the man who holds the most responsible operational post in the Army:

"I also want to speak my opinion clearly about the situation in Kosovo. Because of the situation in political-security and other respects, Kosovo is a weak link in our defense today. The leadership of the Kosovo Region must answer for this. In the most concrete manner." Depending on the criteria by which one judges the jargon and manner of speaking at political meetings, one might perhaps call this comment a warning. But, although there is a kernel of truth in that, certainly such a warning ought not to be issued by the chief of the General Staff of the armed forces, but rather, first and foremost, by the party leadership, which also bears the main political responsibility for the defense of this country.

Significant Segment in the Defense of the SFRY

When we say that, what we primarily have in mind is the fact that Kosovo, with its human, material, and natural resources, has an exceptionally significant place in Yugoslavia's total geostrategic position.

From a military point of view, we assess Yugoslavia's geostrategic position in the modern world in terms of its position in Europe (especially in the southern portion of

that continent), in the Mediterranean, and in the Balkans, as well as in terms of the current situation and relations which fundamentally shape that area. Important strategic routes run through our country, leading from Europe to the Mediterranean and the Near and Middle East. One of these, which cuts lengthwise through the southern European theater, starts from the Pannonian Lowlands and leads toward the Mediterranean, cutting straight through our country. Viewed in this context, Kosovo's geographic position is certainly an exceptionally sensitive one.

It is also worth recalling that our country occupies a central position in the Balkan Peninsula, which has always been and still is the object of careful attention and various claims by many foreign powers. In addition to this, as a geopolitical region, the Balkans are characterized by a number of claims advanced by the Balkan states themselves, which certainly complicates Yugoslavia's geostrategic position. If, in this connection, it is true that in a given situation one of the goals of any aggressor might be, *inter alia*, to occupy and exploit only some parts of our country's territory which are of particular military-strategic significance for him, the aggressor, then it is absolutely clear that even the slightest vulnerability in any of those parts—this therefore includes Kosovo—is a problem of the greatest strategic importance.

We can illustrate Kosovo's sensitive position by many additional, very striking proofs. With an area of over 10,000 square kilometers, it occupies more than 12 percent of the total territory of the Republic of Serbia. Its two natural geographic units—Kosovo Polje, 84 kilometers long, and Metohija, 60 kilometers long—present a considerable temptation to planners of paratroop operations. In terms of transportation, Kosovo constitutes an important crossroads within Yugoslavia. It is crisscrossed by a network of 300-400 kilometers of railroads, two of which—the one connecting Kosovo with Skopje via the Ibar River valley, and the one taking it toward Nis through the Juzna Morava valley—represent transportation links that are important to the national defense. The same is certainly true of that part of the Adriatic Highway which cuts through Kosovo, going from Petrovac on the Adriatic to Skopje, via Titova Mitrovica and Pristina. Kosovo is linked directly with neighboring Albania by the Prizren-Kukes and Djakovica-Cafe e Prusit border roads, as well as by the Titograd-Drac railroad. Finally—and this certainly is not without significance for Yugoslavia's defense—Kosovo possesses 50 percent of Yugoslavia's lignite reserves, which makes it the largest energy source of that type in the country; it ranks first in Yugoslavia in the production of nickel and lead-zinc ore; it possesses important reserves of magnesite, chromium, bauxite, iron and other strategically important ores.

Because of all that is happening in Yugoslavia today, Kosovo, along with the other parts of our country, is the object of careful assessments by foreign military analysts. Worse than that, certainly, is the fact that for years

now Yugoslavia has been exposed to the activities of special warfare forces which, as we know, obtain their recruits primarily from hostile emigrants and the internal enemy. Does Kosovo offer them the opportunity for such things?

Instead of answering that question, let us recall something that happened not too long ago in the world of documentary films. A few years ago when they were making a sensationalist film about the start of the final (third) world war, Western documentary film makers, certainly not without consulting military observers, had Kosovo play the role which Sarajevo played in the First World War.

Even though this was just a film, it would not be a bad thing if we reflected rather seriously on this.

'Authoritarian Charisma' Analyzed, Criticized
28000020 Zagreb *START in Serbo-Croatian*
3 Sep 88 pp 18-20

[Article by Fuad Muhic: "Are We Threatened by Charisma?"; first paragraph is *START* introduction]

[Text] A specific form of political practice has recently been trying to gain a foothold in a very important historical and geographic area of the SKJ [League of Communists of Yugoslavia]. It involves political groups and their leaders who think that a crisis can be overcome by renewal of charismatic authority and establishment of Yugoslav unity on the basis of victorious charisma and its claims. And authoritarian charisma excludes public control of its activities, especially if it takes an exclusive, specific ethnic orientation.

A theoretical examination of events in Yugoslav society cannot avoid finding that the historical practice of the SKJ increasingly is following several conflicting patterns, with a steady trend toward achievement of legitimacy by each of them as a special type of political practice. Analysts who regard this process as a necessary outcome of the federalization of the SKJ have recently been joined by intellectuals who say it is simply a natural course of events resulting from the impossibility of ontological-historical reduction of all parts of our social structure to a common denominator. They find the validity of this position in the different historical consequences and traditions of these parts, but also in the behavior of governing groups and individuals who typify the differences between the types of political practice referred to. Their behavior toward each other exhibits such a degree of mutual exclusivity that they seem to give less consideration to the possibility of reconciling forces than to that of gauging the strength of such forces. In this area the party and the public in particular have been upset by the discussion, permeated with incomprehensible enthusiasm rather than calm examination, of the "majority-minority" relationship. In normal circumstances these controversies would not lead to political

and ideological exclusiveness. However, when discussion even of the most mundane matters of everyday life elevates the social temperature to a fever, these controversies must be identified in all their details.

Inasmuch as such identification is hampered by numerous mystifications and ideological aggressiveness on the part of precisely the forces which appear to support these controversies, it is by no means easy for an investigator to make headway in this area. Hence the purpose of this article is to attempt a critical analysis of one specific form of political practice which has recently been trying to gain a foothold in a very important historical and geographic segment of the SKJ.

This attempt has been based on the practice of those political groups and their leaders who think that a crisis may be overcome through restoration of charismatic authority and establishment of unity of the SKJ on the foundation of the victorious charisma and its claims. The term "charisma" naturally is not to be found in the vocabulary of these groups, because it is suspect as allegedly being non-marxist and because it would reveal a particular political program in an undesirable light. However, this studied ignorance does not jeopardize the investigative fruitfulness of the concept in question, and it will be used in the following analysis.

We would remind the reader that the term "charisma," according to Max Weber, is taken from ancient Christian terminology, where it meant "the gift of grace." Weber points out that the charismatic nature of authority is based on "extreme devotion to the holiness or heroism or to the exemplary qualities of a particular person and of the movement which he has initiated." A typical feature is subjection to a leader qualified as charismatic, on the basis of personal belief in his revelation, heroism, or his exemplary person within the limits of belief in his charisma.

Weber goes on to state that persons subject to charismatic authority freely acknowledge this charisma, and this circumstance determines its validity. The act of "acknowledgment," which is psychological, is an entirely personal dedication to a charismatic personality, having its origin in enthusiasm, despair, or hope. Hence charismatic authority is in its pure form "specifically unusual in character and represents a social relationship linked strictly on a personal basis to the importance of the individual charismatic qualities and their confirmation." It is essentially irrational, because all rules are alien to it. It demolishes them as superfluous, and wherever it appears it emphatically proclaims its "mission" and "spiritual task." Charisma is "change from within born of despair or enthusiasm." The leader's imperious statement, "it is written, but I say unto you," becomes the basis of legitimacy. The leader preaches, creates, and sets new commands (in the ancient sense of charisma) on the basis of revelation, prophecy, inspiration, or specific creative will, which, because of its source, is accepted by the group which has formed

around him. This acceptance represents an obligation. Weber observes that charismatic authority is most often established following a battle for domination in a social group (ethnos, class, party, or caste) or in an organization (military, partisan, etc). "If a particular order is opposed by a competing order given by another person who claims charismatic authority, a struggle ensues between the leaders and can be resolved only by political magic" or by mandatory acceptance of the victor by the community. At the same time, inevitably "one side is right and the other entirely wrong, so that it must be eliminated." This change "represents an alteration of central attitudes and directions of action, along with an entirely new orientation of all attitudes toward all individual forms of life and toward the world in general." Charismatic authority, concludes Weber, imposes on its exponent the necessity of constant confirmation in relation to potential competitors. If there is by no means any assurance of charisma, he says, if a charismatically gifted person "has been abandoned by his god" or if his magic or heroic power has vanished, if there still is no success, and above all if the leadership of the charismatic figure confers no benefit on his undertakings, the appearances are that his charismatic character will disappear. This is the true charismatic meaning of divine grace. Hence this type of authority is filled with constant internal unrest, which is also transmitted to the charismatic entourage (retinue), because legal certainty is suppressed in favor of momentary alignments of forces.

Charisma, according to Weber, may be authoritarian or democratic, but in its original, genuine form, irrespective of its manifest characteristics, it is to Weber "a great revolutionary force." From the methodological viewpoint, he concludes that only the concept of charisma is concerned. It is not at all important for the person concerned to be "objectively" and accurately evaluated from any ethical, esthetic, or other viewpoint. The only matter of importance is how he is really evaluated by persons who are on a charismatic basis subordinates, that is, "adherents." The charismatic type of authority generally arises in major social crises, upheavals, and revolutions and then, as Weber says, tries to "transform itself into something ordinary" in which the caricature-like features of its earlier origin disappear or are suppressed.

In the parts of the SKJ in which charismatic authority today is seeking to confirm its legitimacy, even though the SKJ as a whole has accepted it only as a fait accompli rather than as an element of legally expressed consent of the entire country, such authority is being renewed in accordance with the method followed by the Old Left. The concept of absolute organization of society, "from the top down," is being resurrected. This concept was originally enunciated by Hegel, who was not given credit but from whom were taken the interpretations of bolshevism which saw in it the only available dynamic force for carrying out the revolutionary program. Sweeping organization is carried out under the ideological cover of a new course, the content of which is determined by the

group which emerges victorious from the struggle for power at the top of the party. The leader of the group, despite all his promises to behave properly toward the minority in accordance with the party statute, promptly purges from the administrative and ideological apparatus all persons who do not share his views. In effect, none of these persons has any prospects of appearing on the public scene. A small ruling group is assembled around the new leader; it transforms other sociopolitical organizations into a transmission belt for the will of the recently established government. A larger group is made up of individuals at all levels of the hierarchy who as realistic politicians understand that the "blitzkrieg" carried out by the new party chief has left no particular place for moralizing or abstract political reasoning and that an unconditional determination has been made. It is soon supported by the stratum of the intelligentsia which senses that expressing absolute loyalty is a condition for its own prosperity. The differentiation "from top to bottom" begins. In the first cycle it undermines the structure of intercommunity conferences, and then that of community conferences and basic organizations. It is lightning fast, as is the blitzkrieg of the new leader, and it mercilessly mows down not only actual and potential enemies but also the vacillators who are at the moment disoriented. Party members who earlier did not display especially high dedication in public life but made their way in it for a wide variety of personal reasons (and from a purely statistical standpoint there is a very large percentage of them) hurriedly raise their hands to confirm their "unreserved support for the new course," even though previously they did not oppose it in any way. What is in reality a question of the indifference of the bulk of party members, in which is subliminated their awareness of their own powerlessness to affect anything in the dynamics of society, is transformed by the exponent of the new course into a theory of spontaneous monolithic unanimity as a legitimate basis for their performance in history. Hence from this moment on they have no interest in what the SKJ as a whole thinks about their politics. From this point onward they regard "unreserved support" as a general authorization to develop rule by fiat, which becomes a mode of behavior toward the party membership, the public, and public opinion.

The acuteness of the euphoric fervor of charismatic authority is manifested in particular in the sphere of public information and communication. Its victims are journalists, public relations personnel, and intellectuals over whom the sword of Damocles is constantly suspended, to be allowed to fall unless specific political orders are followed. Inasmuch as charismatic power, according to Weber, is characterized by irrationality, this definition of it in practice is confirmed as a pure act of domination, impervious to the opposition of any rationally-based argument. Because the profession of public relations by its very nature includes the possibility of such opposition, the new charismatic leader will not hesitate a moment to apply the principle of absolute organization precisely in this sphere, which is a delicate

one for any authority. He and his immediate circle will proceed in accordance with a preconceived and highly refined methodology. It is purposely gradual. Its main assumption is that the editor-in-chief and managing editor are to be appointed "at the top" and that they are unconditionally responsible to the person who appointed them and not to the editorial staff or to some organized or unorganized social entity (such as the party membership or the party and society at large). Such an officially sanctioned editor (who by the logic of the situation enjoys the absolute trust of the charismatic central authority) receives carte blanche for an immediate purge and functional purification of all personnel in lower editorial positions and all journalists in relation to whom there exists the least suspicion of possible dissidence toward the charismatic course. Inasmuch as the charismatic circle already holds the party organization firmly in its hands, it is an easy matter for it to direct that removal of an unwanted journalist is to be preceded by expression of a party ideological anathema or even excommunication (following the model of the episcopal formula "excommunicabo vos ex ecclesia" [I do now excommunicate you from the Church]). Arrogant charisma, knowing that it is subject to no democratic public control, has shown itself to be capable of pronouncing 10 such "apage, satanas" [Get thee hence, Satan] in one day without facing even the mildest form of well-meant opposition.

Also deserving of attention is the fact that, once inaugurated, charisma has been able in less than a year to reduce once respectable newspapers and periodicals (with which there was no need to agree on any point and with which the charismatic authority might be in violent disagreement, so that there was no need to allow them public dignity) to daily and weekly bulletins of this same charismatic authority. The persistence of these publications in seeking to prove "absolute historical knowledge" of the charismatic course to the defense of which they have been committed, becomes pure authoritarianism which we (somewhat naively) believed had by now disappeared from our land. It is transmitted from the upper echelons of the hierarchy to the lower ones and even affects community and factory publications.

Publicity and public opinion are molded by the same mechanism. The "directed" rather than the "spontaneous intellectual" mechanism is the one at work here, because the channels of communication are also under absolute supervision.

Readers' letters, their comments in newspapers and magazines, radio and television polls of citizens on the street and at work, and desirable selections from publications in other areas are all subjected to prior censorship. Consequently, the only expressions of public opinion which have a chance of being made public in daily communications are those which assert their identity with the governing will. Divergent opinions are proclaimed illegal and, in accordance with the long entrenched custom of the Old Left, are attributed to

"defeated forces," "the underground," "a professorial clique," "discussion groups in university department corridors," "political drawing room gossip," "the agony of the minority," and other suspicious sociopsychological and ideological milieux. Expressions of criticism from other parts of the SKJ are received with the same impatience; even when they are made with the best of intentions they run the risk of being rated as "anticommunist," "nationalistic," and "separatist" and, regardless of their Yugoslav orientation, undergo a directed campaign in the communications media, to which the unlimited influence of charismatic authority extends. By criticizing such "anticommunism," the already established charismatic authority seeks to prove its infallibility and purity and gain additional legitimacy in the eyes of its followers. By following this procedure, it simultaneously secures justification for future expansion outside its own borders in the name of "unity" which the charismatically unified "majority" would like to impose on the diffuse and "scattered" minority.

Authoritarian charisma excludes democratic control of its activities by the public and public opinion. It rejects this sociological spontaneity, even as a basic concept, as a remnant of bourgeois democracy. Inwardly authoritarian charisma harbors the highest scorn for the public and public opinion, because it was able during the first moments of its rise to power to smash them to pieces with a blow of its fist. There will be left to future investigators of our current history the task of determining in detail how a well-organized group at the top of the party in one part of the SKJ manages without major effort to put an end to the system of intraparty democratic opposition and devise mechanisms of "unreserved support." Was this system (if it ever existed at all in the original meaning of "intraparty democratic resistance") active only during intervals of struggle for power between party factions, and consequently was an illusion exploited by the different groups in this struggle until the final victory, the winners proclaiming their opponents to be the "opposition" and expelling them from the political orbit at the first convenient "turning point in history," or is it rather a question of a process of democratization which has merely been temporarily interrupted by an assault of charismatic authoritarianism? It is hoped that the answer will be found in the not too distant future. But the ease with which a specific victorious orientation has proved itself capable, while nominally carrying out democratic centralism, within the range of its own power, of neutralizing the possibility of a democratic opposition at least calls attention to the fact that only the forms of democracy in the SKJ chosen for themselves by the party membership, along with other progressive forces, may be regarded as true democracy in the party.

The charismatic authority has, at least for the time being, interrupted this current, which 1 or 2 years ago was taken to be natural. It remains for us, proceeding from the experience already gained, to consider what the character would be of a democratic centralism which this

charismatic authority might establish at the level of the SKJ as a whole. However, inasmuch as (to go back to Weber) charismatic authority must be confirmed by spectacular deeds following its triumphal installation, at least in its own part of the SKJ, the first of such deeds is to claim its substance in the territory of the individual nation. To the uninstructed this would be a return to one area which in accordance with the traditional interpretations could be regarded as bourgeois rather than strictly marxist with respect to resolution of the class question. However, the import of this return must be derived from the practical circumstances. Rational consideration of charisma in our party would consist of examination of the ability of the ruling strata and prominent individuals to transcend the currents of the economic, political, social, and national crisis. Whenever they might succeed in doing so, no single social group would hesitate to acknowledge the character of charismatic democratic leaders, within the limits of a legal government. There have been quite a number of such cases in modern history. But since there is no such success, when, in the opinion of a large number of experts, we still have not even touched bottom on the real crisis, charismatic authority has had to resort to its other (irrational) historical choice and assert itself as national. Its exponents have entered into a clever game. They know that belief in mythological salvation from the crisis is so much deeper that they see the way out of it in suggestive spreading of the conviction that the individual as individual means nothing without the larger social group (in this instance, the nation). He will identify himself with it to the extent to which it becomes homogenized.

But a social group without leadership is merely a "mass without an intellectual principle" (Hegel). What then is there left for the individual deprived of hope to do other than flee from freedom to the protection of an authority which offers him his lost sense of security but which in turn demands complete subjection from him? The inward indifference to the "new course," for which people voted by force of inertia since it was believed that it would lead only to change in party and government policy and since it was obvious that the course would not resolve a single essential class question, all at once is transformed into euphoric delight of individual parts of the nation with the knowledge that this policy is headed toward organization of the nation from within as a unified movement and that it is making up the "old loss" or restoring the flagging historical energy. Demand for collective action becomes the highest symbol of national harmony.

This action, then, is not the goal through which the new ruling group might achieve its desired charismatic confirmation. As in all known national movements in the 19th and 20th centuries, only momentarily does it erase class differences and regard each participant in it a member of the nation. For the sake of the national interest, which it is suggested to them is historical, the

workers and peasants forget their empirical class interests and their traditional conflict with bureaucracy. In such a smeltery with its extremely high temperature of national homogenization, those in the amalgamized mass of ideologically like-minded persons disappear as class groupings "of themselves" and "for themselves." Hence when a national charismatic authority has been installed everywhere, the working class insurrection cannot be directed against the leaders of "their own" national bureaucracy. Even if there are strikes, in the psychosis that has been created it is not demanded that these leaders be replaced; "unreserved support" for them is even expressed. There is constantly in the subconscious the thought that they are a symbol of national defense. Consequently, in areas in which national homogenization has assumed the form of organized spontaneity under the influence of charisma, there has thus far been no national mixed class protest. The national charisma is psychologically superimposed on the class consciousness and animates it to sense a national enemy in a potential class ally. This is the case with the homogenized mass of an opposing nation. In both instances the bureaucracy celebrates the triumph of its alienation and inviolability.

On this basis the charismatic authority also wants to become a revolutionary force in our current eventful history. It pursues with boundless energy the elimination of a democratic opposition and is driven in other directions by the obsession that all resources should be used to achieve domination of the SKJ as a whole. Several methodological processes are devised. Especially prominent are two which are expected to deliver the greatest effect, spreading the national charismatic authority to the territory of other nations or autonomous parts of one's own nation and pronouncing a reluctant part of one's own establishment to be a real enemy of charismatic authority, which the establishment has elevated above critical examination of its theses, on the grounds that it is a "movement of the people." A similar attempt to gain ground is also made in the highest party and government forums. A list is drawn up of those members (supported by a campaign in press media controlled by the charismatic authority) who have not expressed their "unreserved support" for charisma on the march and its claim to have "achieved a majority." The list includes a public demand for calling these people to account immediately.

Harsh political epithets are used to stigmatize dissidents. Especially in print, these are often expressed with overbearing crudity and primitive indecency little different from common slang and street language ("drones," "loafers," "fat cats on easy street," and the like). The history of the 20th Century is filled with examples from the proceedings of the highest plenary forums (central committees and assemblies) in which well-organized groups of like-minded persons have managed to compel adoption of positions most pleasing to their leaders, by the forcibly large number of their speakers, wholesale dispatch of telegrams by their adherents, or open threats

to obstruct implementation of the resolutions passed by the particular forum if their ultimatums are not acceded to. This "falsely phosphorescent vision of a majority" (the words are those of Thomas Carlyle) also makes it possible in our circumstances to suddenly stigmatize as antiparty elements those who do not see eye to eye with their leaders. Euphoria is then transformed into "charisma gone mad" (as Herbert Marcuse puts it).

Lexical coarseness is no obstacle to reducing the dissident from charismatic authority to the rank of traitor to the movement and to demanding his unconditional removal. Even here the charismatic will to power acknowledges no ethical bounds. Its authoritarianism imagines that the very act of reading the names on the list, which according to the scenario of collective appearance by the followers of charismatic authority is drawn up in advance or ad hoc, is sufficient cause for instituting an investigation to determine accountability, and immediately thereafter for excommunication or even criminal prosecution. This Old Left method leaves no room for dialogue and tolerance. It makes a division into "us" and "them" in the same party, sows fear and distrust, and by its aggressive approach tramples all constitutional and statutory democratic guarantees under foot. Perhaps it would be best to ignore this approach, but charismatic aggressiveness would interpret dignified scorn as weakness in democracy itself. To oblige it would be to encourage it to spread further. Consequently, all democratic resources must be applied to oppose it. Charismatic authority disregards all rules of the game. It assigns different meanings to the same categories, depending on assessment of their practical use at the moment. We have even seen this in connection with the concept of majority. Charismatic authority bases its legitimacy on the majority's will until it manages to secure legitimacy in the area of its real influence. But when it remains itself a minority at the level of the SKJ, it does not hesitate to proclaim the majority of the SKJ to be antiparty. On the other hand, it is attempting to personally establish its legitimacy as a coming majority through an internationalization within Yugoslavia, which we have already termed "mass psychosocial confirmation of charisma," and through its campaign in other national areas.

While Max Weber once designated this procedure "ritual transmission of charisma," in our circumstances this ritual may be regarded as an attempt at forcible imposition of monolithic ideological and political unity. The essence of the matter will not be changed. The enthusiastic mass of followers, galvanized by the charisma and carried away by the conviction that unity of the collective can be established only on the basis of its value system, becomes ready to penetrate any part of this collective to establish legitimacy by proclaiming the new revolutionary tide. In its emotional delirium this mass forgets that our national areas have specific historical features of their own, that they are concerned not with anyone's charisma but with solving both their own

problems and general Yugoslav problems, that the leaders of these areas are not historically disqualified if they fail to accept the aggressive claims of charismatic authority, that no unity imposed from without (and especially not by a mass campaign by one nation) has lasted long, and lastly, that in our society there are no social or national groups having the legitimacy to institute such charismatic authority except the dictatorship of the proletariat (in a constitutional manner and as interpreted and defined by the SKJ Program). Charismatic authority disregards this.

Carried away by the euphoria of mass propagation of charismatic authority, the followers of this authority give hardly any consideration to the question of what would happen to them if the charismatic authority were irreversibly to throw over its shoulders the cloak of legitimacy and become untouchable. How quickly have they forgotten the experience of the recent past, when exponents of socialist charismatic authority succeeded in only a few years in transforming their adherents into the most ordinary mass of subjects! In the same way they have forgotten that today there are no countries called socialist in which the national charismatic authority of the party and government leader, initially innocent and awaited with mass enthusiasm, has not in a short time been transformed into a brutal family dictatorship. After all, charismatic authority also has its psychoanalytical aspect. Believing in the infallibility of the charismatic leader and his entourage (if he succeeds in suggesting this to them by mass hypnosis), the followers of charismatic authority fall into a kind of "masochistic trance" (the term is Fromm's).

In the ritual of delirium they fail to notice that they themselves contribute to faster transformation of charismatic authority into a cult of personality and become powerless in the face of its authoritarian spread, which in our country (under crisis conditions) may assume the proportions of a "cultural revolution," at least in one part of society and by an entirely new definition. We have already mentioned the role which the mass media under the control of this charismatic authority play in development of this mass charismatic psychosis of public opinion and the collective state of mind. Editors, who have already perfected psychosocial mechanisms for inspiring and drawing up hit lists, give no thought to future responsibility for encouraging such an unknown and hazardous historical process as a domestic version of a "cultural revolution." The charismatic leadership apparently pays no attention to the fact that in areas in which open or latent tension has existed for centuries in interethnic relations, a national charismatic authority is no less exclusive and can not choose means for the legitimate or illegitimate confirmation of this leadership. Concentration in a single ethnic group and polarization then become inevitable. History is turned into a charmed circle in which the decisive factors are alignments of forces, the passions and conflicts of charismatic authority, rather than collective deliberation based on democratic reconciliation of class and national interests. Such

reconciliation is not promoted by the personal ambitions of the new charismatic leaders, who seek to gain legitimacy by claiming the heritage of major historical personages. But this is pseudocharisma, unless it produces its own authenticity.

National charisma as a type of authority must be separated from the historical essence of the nation within which it arises. When this nation encounters difficulties, when it is threatened even with insurrection under the pressure of various historical circumstances, and when it is unable to resist the birth of nationalism of its own, charismatic authority suggests itself, in an authoritarian manner, as its savior. However, the ultimate experience with charismatic authority of this kind has nowhere been favorable. If its plan succeeds, it establishes domination over the nation in opposition, but this is not the proper framework for uprooting its nationalism; the most it can do is wipe it out by repression.

However, charismatic authority can also be democratic, but in that case its features are different. If a society in crisis really demands the appearance of major personages in whose activities society perceives hope and salvation, the charisma will possess these properties when politics is viewed as a methodological route to pluralism of economic, class, interethnic, and cultural interests, and not as a *fait accompli* which will only allow further development of monopoly, as its application is interpreted exclusively by the charismatic authority. Hence the appearance of democratic charisma under current Yugoslav conditions must also be examined, from the viewpoint of the crisis, as one of the potential alternatives. But there has been no avoidance of numerous controversies even over the efforts of this charisma to "spread" over our territory, gain followers, and become a material factor in history. Inasmuch as democratic charisma insists on political pluralism as a precondition for all the rest (and it could not be otherwise in a society which, like ours, is encased in a political mold), disagreements arise more about definition of this pluralism. The ruling strata who have become accustomed to ruling without democratic control by the public and public opinion *a priori* identify political pluralism with a multiparty system, attributing to it the ideological arsenal of the bourgeois right. However, these two concepts are identical neither lexically nor empirically, especially when placed in the context of our system of institutions.

On the basis of its fundamental constituent features, this system is not incompatible with the practice of political pluralism. It does not inhibit organized forms of public action by forces motivated not to struggle for power but rather constantly to monitor those who wield power. Such democratic control is not the same as opposition in a conventional multiparty system. The agents of control, however, need not be under any ideological control in order to win belief in their moral and political integrity. They are personified by the public and public opinion, by alternate movements and civil society, and by associations of citizens and professional associations (of

philosophers, lawyers, writers, sociologists, political scientists, creative artists, ecologists). The control function of the Socialist Alliance of Working People of Yugoslavia provided by the Constitution has proved to be effective only where this organization has managed to free itself from the function of transmission belt.

The same principle may also apply to the public communications media (mass media). Day-to-day experience has shown by now that a party member who has been able to criticize the party leadership and its attitude toward performance of its functions (operational efficiency and moral fitness) in his party publications would not be tempted to seek an alternative "on the other side." This psychological state is also apparent in the vast majority of "workers and citizens." Were factory, community, provincial, and republic-wide periodicals truly open to the tribune of critical thinking and public dialogue, and were the "voice of the people" really the "voice of God," devoid of needless subconscious mechanisms of mass and individual censorship, fears, and stresses brought on by the thought of sanctions, a collective and individual relief of psychological burdens would take place in the course of which only a relatively small number of groups and individuals would think of a return to the classical forms of opposition. Only with such a balanced relationship between the party membership and the citizenry on one side and the party, government administrative, and parliamentary delegate structure on the other would it really make sense to assert that only the bourgeois right or the radical left can demonstrate that socialism of the marxist-leninist type is genuinely incompatible with pluralism of thought and ideas. However, when the "influence of organized sociopolitical forces" on the mass communications media is often usurped at all the levels indicated by individuals and groups holding real power, when after every intensified clash of opinions we can expect the formation of a "working group," and after this group has submitted its report to a "council of comrades" (the findings of which report generally are in accordance with the expectations of the very persons who set up the "working group"), when it is obvious that this "working group" and "council of comrades" procedure a priori precludes the possibility of democratic dialogue, because it is accompanied by the oppressive fear that being in the minority can even affect one's living conditions, when virtually no official is punished because he has arrogantly expressed lack of confidence in the maturity of the SKJ membership and ordinary citizens, thereby expressing doubt in the validity of their "mission," and conversely when a significant number of "ordinary communists" and "workers and citizens" have done wrong because they have failed to follow the absolutized "party line" of the leadership as the ultimate source of thought and action—then many irregular situations have arisen following the legitimate occurrence of "political pluralism." The segment of the public and public opinion which cannot legitimately express itself because a ruling stratum uses its dominant position to place "its own men" in the public communications structure and create a virtual

monopoly on determination of the concept of "party line, is resorting with increasing frequency to the mass media in other areas to exercise its constitutional right to speak in public. This procedure presaged the phenomenon of "internal communist emigration" (a phenomenon unknown in countries with communist parties in power). It has merely served to confirm the splintering of interests and federalization of the SKJ, but it has also pointed out the need for a new approach to some of our specifically Yugoslav features and the many perplexities which they generate. It seems that we have not yet found suitable models of behavior in this spinning wheel of contradictions and that the existing confusions are growing even worse.

If it is a question from this viewpoint of "spread" of democratic charisma, it should be carried out by the segment of the leadership which has already made a significant contribution to further development of our democratic ethos. The conceptual sphere of this ethos includes building of a lawful state, abolition of the practice of performance of party and government functions by the same persons, limiting the activities of all bodies to within their approved powers, establishment of material legality the foundation of which is represented by real rather than fictitious political rights and civil freedoms, removal of the sacrosanct halo from usurpation of power and the wielders of this power, propagation of political pluralism as a form of democratic control over the conduct of public affairs, and a number of other modalities which constitute political life by way of democratic dialogue and tolerance rather than through alignments of forces created ad hoc, populist pressures, and an imposed political leadership. Moral charisma and the unforced respect which it entails will be spontaneously conferred on politicians who manage to make the democratic ethos an integral part daily life and secure long-term prospects for it.

Such action will render obvious the distinction between authoritarian and democratic charisma. In the system of unity of power as our fundamental constitutional principle, authoritarian charisma sets up this unity as subordination of the legislature, the executive, and the judiciary to the charismatic center of power and personally to its leader (when the imperious "we have decided" or "I have decided" is transformed without possibility of opposition into the content of legal and political acts). Democratic charisma, on the other hand, tries to arrive at unity of the legislative, executive, and judiciary authorities out of their independence as at a synthesis by means of which each of them will contribute simultaneously to internal and mutual democratization. Charisma of both types today advances claims to legitimacy. It is still absolutely unknown if intersection of the two types, which becomes more intensive as the crisis causes a number different national and class interests to clash, will lead to sensible reconciliations or to further conflict. There is no comfort in the knowledge that in individual parts of the country authoritarianism is turning a deaf

ear to the policies and thinking of the highest political forums. It does appear, however, that while the process of democratization has been sufficiently well thought out, it sometimes fails to take the most suitable measures, and that, to a greater extent than necessary, it gives its opponents occasion to confuse the genuine substance

of the democratic ethos with anarchy, chaos, or even anticommunism. And so the crisis is becoming worse from both viewpoints, as is the anxiety in the individual and collective state of mind, and it can no longer be suppressed by the production of an ideologically conditioned consciousness of any kind.

INTRABLOC

CEMA's Attempted Introduction of Mixed Economy Assessed

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[Article by Peter Knirsch: "Economic Reforms Between Plan and Market"; based on shorter English-language presentation by author on 17 February 1988 at international conference marking the 25th anniversary of the Institute for World Economics of the Hungarian Academy of Sciences, in Budapest; first paragraph is summary presented in English in original document]

[Text] Thus far, efforts to reform the economic system in the European CEMA countries have concentrated on restructuring the economic coordination mechanism. There is a tendency to dismantle the previously existing system of directive central planning and to replace it to a greater or lesser extent with coordination through the market. This transition to a mixed system is proving to be extremely difficult, due to political and ideological prejudices, and also due to the difficulty of finding a socially acceptable combination of economic policy and market effects.

1. Against Mystifying the Concepts of Plan and Market

In discussions concerning reforms of the economic systems of socialist countries in Central and Eastern Europe, the concepts of plan (or planning) and market play an exceedingly important role. Unfortunately, as is often the case in the study of economics, these terms are used with very different meanings.¹ What is quite striking in this sense is the ideological or, to be more modest, emotional purport of this terminology; to a certain extent, there is an attempt to use these two terms not only to describe the classification of ownership, but also to summarize the differences or contrasts between the capitalist and socialist economic systems.²

This distortion of these terms takes place in the West too. Thus, Western, non-Marxist economists for the most part deny the possibility of central economic planning in capitalist economic systems. They either seek refuge in the banal assertion "that people everywhere and at all times act on the basis of economic plans"³ or attempt to avoid the planning concept for forms of economic policy within capitalism by surrogate terms, such as the use of the French word "planification" in German-speaking countries, but also by terms such as national economic "programming," "forecast" and "projection."⁴ Negative mystification of the concept of planning is characteristic of large segments of Western economic science, and it is only to a limited extent that forms of economic policy in capitalist economic systems are freely designated as "planning."⁵ In keeping with this widespread rejection of central planning, non-Marxist Western literature generally presents the advantages of

free-market coordination, often reduced to the theoretical concept of the model of full competition, as representing the advantages of the capitalist economic system.⁶

Although at first glance the attitude of Western economists toward planning and the market seems totally irrelevant to economic reform in socialist countries, it is evident upon further reflection that a systematic search for potential reform programs in the long run cannot avoid looking at the corresponding ideas and critical considerations of the "other side." Admittedly, the prevailing societal attitude towards these system elements in the countries in question is of greater importance. Originally, the Political Economy was quite unambiguous with respect to these issues—state-directed planning of the national economy is regarded as the only system of management befitting socialism. At the same time, exceedingly negative societal and economic consequences are attributed to the market. Perhaps it is unfair today to quote from a textbook that was in wide circulation during the 1950's, but that book noted the following: "In contrast to private ownership of the means of production, which separates the producers of goods and causes competition and anarchy in production, social ownership of the means of production unites the numerous enterprises into one uniform entity of the national economy. Socialized, socialist large-scale production cannot develop outside the general plan..."⁷ In principle, however, even today's political-economic texts emphasize the fundamental importance of central planning to a socialist economic system, and a considerable advantage is derived for central planning with respect to capitalism, with its prevalence of free-market coordination.⁸ Moreover, these advantages of central economic planning are deemed possible only within socialism, while planning a national economy within capitalism is impossible.⁹ It is somewhat odd that the positive mystification of the idea of planning in Marxist-Leninist political economics arrives at the same result as the negative mystification of the same concept by liberal-leaning Western economists.

For political economists in socialist countries, finding a realistic place for the market in their systematic programs is more complicated than incorporating national economic planning, which is treated as a concept deserving clear and unconditional approval. Even though the above-cited pejorative remarks concerning the socially negative, anarchistic effects of this coordination mechanism are freely applied to capitalism, there is also the problem of the emergence of market conditions in various sectors of real, existing socialist systems.¹⁰ This is true of the small number of prices determined by supply and demand at kolkhoz markets; of greater significance, however, are sectors that elude detailed, compulsory planning because of the large number of processes to be managed. Thus, the distribution of consumer goods, produced according to plan, is not planned, but rather they are offered to consumers with money income at prices determined by the state. In this sense, the state is acting like a supply monopolist, fixing quantities and

prices, whereby it attempts to avoid unsaleable production as well as exaggerated demand. Even the distribution of the work force among jobs is not performed administratively through a quota system, but rather in essence through forms of partial economic management.

It is clear that these market-oriented elements (aside from the first-noted case) have nothing to do with competitive pricing, and if Marxist political economists had not categorized the concepts of market and prices as elements of the anarchistic management system of capitalism for so long, it would in fact be possible to speak of indirect planning methods, supplementing direct central planning. Perhaps it would have then been realized much earlier that the fixing of prices by the state in these sectors with free-market elements would be completely unable to bring about a situation of balance, neither in the overall economy nor in the partial "markets"; the task of fixing prices was just as much an excess burden on the state as a direct, binding quota system would have been.

Similar to the way in which Western economists often resist calling future-oriented and coordinated measures of state economic policy "planning," the term "market" has been largely avoided in Marxist political economics; here as well, substitute names are preferred, such as "commodity-money relations" and the "functioning of the law of value."¹¹

It is impossible in this short paper to treat such a basic problem in adequate detail. However, the ideas and references presented do provide ample indication that the terms plan or planning and market have been mystified to a significant extent in the West and in the East. It is true that these are not simple terms, and that in the study of economics everywhere, the controversy surrounding terms or the introduction of new meanings has an apparently incontrovertible tradition; however, these two terms, which are of critical, formative importance to their respective economic systems, have major political significance precisely for that reason—the antagonism between capitalism and socialism has resulted in a complete distortion of the actual meaning of these two terms. In my assessment, this has had little effect on the "confrontation between the systems"; I simply cannot believe that distortions of meaning are capable of contributing to the quality of a social or economic system. In terms of the debate on reforms of the economic system in socialist countries, however, this mystification of the potential structure of the management system has presumably been exceedingly detrimental.

2. First Attempts at Linking Plan and Market

Thus far, I have presented the extreme positions that have developed as basic attitudes towards planning and the market in capitalism and socialism. This reflects only to a limited extent the present-day situation in the debate surrounding reforms of the economic system in the socialist countries. If I am correct, these extreme

views on the advantages of obligatory, central national economic planning and on the economically and socially negative effects of market conditions, with the formation of prices dependent on (or at least influenced by) supply and demand, still exist in every socialist country.

However, in some socialist countries, such as to a certain extent in the USSR itself over the past 2 years, but more clearly in Hungary and Poland, this conservative or dogmatic position has been pushed to the background. In other CEMA countries, such as the GDR, Romania, and the CSSR, it continues to have a somewhat strong influence on the discussion of reform. On the whole, however, the range of opinions on these two elementary categories in all socialist countries has become significantly broader since 1956, thus meaning that the debate on reform has become more open.

In general, state economic planning is still regarded today as a constituent element of the economic system in all socialist countries.¹² In the countries described above as "conservative," directive central planning is maintained, while an attempt is made to improve efficiency or adapt modified conditions by improving planning and management organization, by setting more effective indicators and in some cases by using more indirect, largely financial planning instruments, in addition to directives. The "centralist model"¹³ remains intact under this limited reform effort.

In other socialist countries, the debate surrounding possible reform has led to other results. Primarily under pressure from a continual decline in economic growth rates, but also from obvious misallocations, confidence in the economic efficiency of a direct planning and management system has clearly fallen off. Partial improvements in this system while basically preserving it, as being pursued even today in other socialist countries, are no longer being regarded as a solution to the problem, following corresponding "unsatisfactory" attempts at reform. The tendency at least is in the direction of abandonment of the obligatory character of central economic planning, either completely or for major sectors of the economy. The trend (concrete forms differ greatly from country to country) is one of replacing obligatory central planning with overall planning in perspective, while economic decision-making authorities are delegated to the executive units (enterprises, industrial associations, etc.). With some exceptions, the central organs of economic policy set nonbinding general figures intended to provide the executive units with orientation, which they attempt to achieve through primarily indirect instruments, particularly in the areas of money and finance policy. In this way, they intend to realize their goals in terms of structural policy, but also growth and balance targets, with a higher level of efficiency.

The decentralized planning system outlined here¹⁴ requires a mechanism for coordinating the individual decisions made by the executive units, which are no

longer stipulated administratively. This function was assigned to prices as early as the end of the 1950's, and even the market mechanism is presented as an adequate solution to the problem rather quickly.¹⁵ There is a certain amount of hesitation concerning the extent to which prices should be determined freely by supply and demand, or at the same time also by state management functions. This indecisiveness has also characterized previous reform initiatives. This was particularly clear during the Czechoslovak economic reform in 1967-69. There, even though the set phrase "combination of plan and market" was used ad nauseam, the basic abolition of the system of obligatory plan directives in early 1967 was followed by assumption of the coordinating role by prices that were in no sense determined by supply and demand.¹⁶ In Hungary too, the reform process initiated in 1968 resulted in an elimination of obligatory plan directives in many economic sectors, without it being possible for a market price mechanism to develop in the meantime. It is obvious that combining planning and the market is exceedingly difficult, even in socialist countries. As a result of these difficulties, the old system of administrative coordination basically remained in effect; however, so did the shortcomings that resulted in the contemplated but inconsistently implemented reform measures.¹⁷

Relatively unclear to me is the reform course currently (1987-88) being pursued in the USSR with respect to planning and the market. At the 27th party congress of the CPSU, Gorbachev said¹⁸: "The direction and management of the economy require—and this is obvious—ongoing perfection. And yet the situation is currently such that it is no longer acceptable to limit oneself to partial improvements; a radical reform is needed." But several sentences later he says, "The Central Committee of the CPSU and its Politburo have established the main directions for the restructuring of the economic mechanism. We pose the problem:

—of increasing the efficiency of the central performance of the economy, of strengthening the role of the center in realizing the most important goals of economic strategy of the party, in establishing the pace and proportions of the development of the national economy as well as in balancing it. At the same time, we must overcome the practice whereby the center interferes in the operative activities of the subordinated economic units;

—of decisively expanding the limits of independence of associations and enterprises and of increasing their responsibility for achieving the highest end results."

Similarly contradictory are Ryzhkov's statements on the meaning of reforms in the planning system¹⁹: "The party has drawn the necessary conclusions and precisely formulated the task of effecting important measures to perfect the overall system of direction, the goal being to significantly increase its effectiveness...The principle line amounts to strengthening and perfecting, on the

basis of the unshakable principle of democratic centralism, the central direction and planning of the economy as a major accomplishment and a fundamental advantage of socialism. It is clear here that we have 'not fulfilled,' nor will we ever fulfill, the hopes of bourgeois ideologues concerning our disassociation from this fundamental principle. At the same time, the party will work decisively towards expanding the independence of the associations and enterprises, strengthening their responsibility for the end results and deepening economic accountability."

Later, in mid-1987, Gorbachev says the following at the June plenum of the Central Committee of the CPSU: "The most important element of the restructuring of economic management is a radical reform of price formation. Without this, the full transition to a new mechanism is not possible."²⁰ In these and other official documents, there is no talk of the market or of supply and demand; in addition, the release of enterprises from obligatory plan conditions is formulated rather vaguely—with the planned "economic normatives" and "state orders," the step to obligatory plan conditions could be a rather small one, given historical experiences as well as the not-negligible extent of resistance to economic reform.

On the whole, however, the economic reforms in the above-noted socialist countries have resulted in a rejection of detailed, directive planning of the national economy by the state. In general, the market is apparently regarded as the only alternative management system, and even though the term is not a popular one, one could speak of a tendency towards a "socialist market economy," which could be defined by predominantly social ownership of the means of production and market-based individual coordination, with corrections in economic policy and limited direct central intervention. One thing is at any rate clear from the long debate surrounding reform—a socialist economic system has always been and will remain for the foreseeable (or even the unforeseeable) future a mixed system. Planning and the market must be able to work together.

3. On the Difficulties of Creating Mixed Systems

Proponents of pure doctrine, both in the West and in the East, have an aversion to the idea of mixed systems—apparently they believe that having to accept elements of the other system, which is regarded as antagonistic, into one's own system is a threat to the existence of one's system. At the beginning of this short paper, I briefly described the conceptual hairsplitting caused by this attitude on both sides. Even if it is exceedingly difficult to overcome ideological prejudices in economics, it is true that in most socialist countries the shortcomings of the central planning system have nonetheless led an influential number of politicians and economists to the conclusion that a combination of planning and the market in the increasingly complex, modern industrial

economy is the only way to achieve an efficient economy. I am certain that this view will come to be accepted some day in all socialist countries.

As important as this view is to a realistic approach to all system and reform problems, it is only a necessary precondition for solving these problems, and not a sufficient one. What is at stake is "the type of combination of planning and market, the optimal ranges of centralized and decentralized decisions."²¹ Reforms thus far, as well as the debate surrounding possible plans, leave one with the impression that this task is an extraordinarily difficult one.

Apparently, there are no general rules for the concrete form of this mixed system. Given differences in the state of development—important to the planning efforts of developing countries—but also variations in the size and natural resources of a country and well as in the mentality of the population within an economy, this interaction of state planning and the market—i.e., economic policy and market-based individual coordination—will differ from case to case. Factors outside the economy also play a role here, in particular the extent of the claim exercised by the state to structure the national economy voluntarily in keeping with state preferences. This claim is in no sense illegitimate; however, the state must recognize that this brings with it costs that reduce the (economic) efficiency of the national economy.

The market mechanism represents a possibility for steering the behavior of economic subjects and of the executive units in "reasonable" directions, and for coordinating their economic activities with relatively minor losses to the social economy. From the history of capitalism, we know that this does not take place flawlessly; cyclical fluctuations, monopolies, unemployment, and inflation are only some of the evils somehow associated with the market mechanism. However, this does not mean that it should thus be termed "anarchistic."

In capitalism, state economic policy (insofar as it is not simply interventionist, one could also call it economic planning) has increasingly attempted to take corrective action in this regard. In socialism, economic planning is learning that with the centralist model it is unable to achieve an adequate level of efficiency in the national economy. It is certainly exceedingly difficult to reject part of the direct intervention possibilities, and thus economic power. However, if one is genuinely seeking greater economic efficiency, and thus better satisfaction of individual and collective needs, this step will have to be taken. The sacrifices in economic authority associated with this are easily more than compensated for by a growth in internal and external political power, due to greater economic potential.

Footnotes

1. Referred to by John E. Elliot in "Economic Planning Reconsidered," in QUARTERLY JOURNAL OF ECONOMICS, Cambridge, Mass., Vol 72, 1958, No 1, pp

55-76. Even 30 years later, this essay provides a valid survey of aspects of economic planning, especially in capitalist economic systems.

2. I use the terms "capitalism" and "socialism" here without regard to their frequently pejorative or euphoric use as linguistically simplified designations for a system based primarily on private ownership of the means of production and market-based coordination on the one hand, and an economic system based primarily on social ownership of the means of production and central state planning and management of the national economy on the other hand.

3. Walter Eucken, "Die Grundlagen der Nationalökonomie" [The Foundations of the National Economy], 5th ed., Godesberg, 1947, p 358.

4. A detailed account of the use or avoidance of the planning concept, to an extent considered necessary only in a postdoctoral thesis, is found in my previous work: Peter Knirsch, "Strukturen und Formen zentraler Wirtschaftsplanung" [Structures and Forms of Central Economic Planning], Berlin, 1969, pp 31-46 (Eastern European Institute of the Free University of Berlin, Economic Science Publications, Vol 30).

5. In the 1930's and 1940's, discussions of economic policy in the West, and later the treatment of planning of developing countries featured even more uninhibited use of the concept of central planning.

6. Expressed adamantly rather early on by Ludwig Mises, "Die Gemeinwirtschaft" [The Joint Economy], Jena, 1922, e.g. p 437. Informative is the brief description in H. Joerg Thieme, Reinhard Steinbring, "Structures of Economic Policy in Capitalist Market Economies," in Dieter Cassel, ed., "Wirtschaftspolitik im Systemvergleich" [Economic Policy in a Comparison of Systems], Munich, 1984, pp 50-57.

7. Academy of Sciences of the USSR, Institute for Economics, ed., "Politische Ökonomie" [Political Economy], textbook, German translation Berlin, 1955, p 472.

8. "The socialist planned economy, which is based on the scientifically substantiated, conscious structuring of social processes, is the direct opposite of the spontaneous market economy, where regulations are only applied later and with an averaging effect in the blind game of chance." Hans-Heinrich Kinze, Hans Knop, Eberhard Seifert, eds., "Sozialistische Volkswirtschaft" [Socialist National Economy], college textbook, Berlin, 1983, p 24.

9. Ibid, p 25. Cf. also the bibliographical references in Knirsch, "Strukturen und Formen zentraler Wirtschaftsplanung," loc. cit., pp 35f and 38f.

10. Socialist economists refer to this early on, such as Włodzimierz Brus, "Funktionsprobleme der sozialistischen Wirtschaft" [Functional Problems of the Socialist Economy], Warsaw, 1961, German translation Frankfurt/Main, 1971, pp 202f.

11. This was done in a way that I consider very scholastic in J. Stalin, "Oekonomische Probleme des Sozialismus in der UdSSR" [Economic Problems of Socialism in the USSR], German translation Berlin, 1959, pp 11-31. Considerably more differentiated and in serious confrontation in N.A. Zagolow, ed., "Das Wertgesetz und seine Rolle im Sozialismus" [The Law of Value and its Role in Socialism], German translation Berlin, 1959. My problems are treated in particular by K.W. Ostrovityanov, "Against the Historical, Dogmatic Treatment of the Problem of Commodity Production in Socialism," pp 61-71, and D.D. Kondrashev, "The System of Price Planning Must Be Based on the Principle of a Distribution of Profits Proportional to the Prime Costs," pp 183-190. An important commentary is found in W. Brus, loc. cit., pp 142-199.

12. The situation in Yugoslavia is not considered in this article.

13. The name provided by W. Brus, loc. cit., pp 104ff.

14. W. Brus, loc. cit., pp 200ff, as early as 1961 called these forms "the decentralized model." Without wishing to incite ideological debate, similarities of this sort with indicative planning in capitalism are considerable, regardless of the differences in type of ownership as a socio-economic basis.

15. To a certain extent in a rather abstract form, this is found in Oskar Lange, and very clearly in the above-cited work of W. Brus.

16. In 1961 in W. Brus, loc. cit., p 203. Also, Ota Sik, "Plan und Market im Sozialismus" [Plan and Market in Socialism], Prague, 1965, German translation Vienna, 1967, pp 211-213. This development was also influenced by the establishment of a market-based functional mechanism in Yugoslavia. I have previously dealt with this in greater detail in Peter Knirsch, "Problems with Transforming a Centrally Planned Economy Into a Guided Market Economy," in Wolfgang Foerster, Detlef Lorenz, eds., "Beiträge zur Theorie und Praxis von Wirtschaftssystemen" [Articles on the Theory and Practice of Economic Systems], Berlin, 1970, especially pp 154-156 and 158-161.

17. Cf. József Bognar, "Further Developments in Economic Reform," THE NEW HUNGARIAN QUARTERLY, Vol 25, Budapest, 1984, No 95, p 48: "Directing cost price towards balance price is a rather complicated process." Béla Csikos-Nagy, "A New Phase in the Hungarian Economic Reform," THE NEW HUNGARIAN QUARTERLY, Vol 25, Budapest, 1984, No 96, p 25: "The Hungarian price system of 1980 has

nothing to do with a free market price system...On the contrary: a large number of strictly supervised central regulations applies to the ways and the magnitudes of profits industry can calculate." László Csaba, "Economic Mechanisms in the Mid-1980s," THE NEW HUNGARIAN QUARTERLY, Vol 24, Budapest, 1983, No 90, p 54.

18. PRAVDA, 26 February 1986.

19. PRAVDA, 4 March 1986.

20. PRAVDA, 26 June 1987.

21. W. Brus, loc. cit., p 100.

GERMAN DEMOCRATIC REPUBLIC

Private Farming's Auxiliary Role Positively Assessed

23000035 Moscow INTERNATIONALE ZEITSCHRIFT DER LANDWIRTSCHAFT in German No 5/1988 pp 372-75

[Article by Dr of Sciences Klaus Ahrends, research director, Academy for Social Sciences, Berlin, GDR: "Individual Small-Scale Agricultural Production in the GDR"]

[Text] The economic strategy decided upon by the 11th SED Party Congress with a view to the year 2000 requires that agriculture further increase the production volume and, at the same time, that it substantially improve the relationship between expenditure and results. That means a continuous increase in production and efficiency above all in the LPG's [agricultural producer cooperatives] and VEG's [state farms], which produce over 90 percent of the gross agricultural product. At the same time, the SED in its agricultural policies is proceeding from the need to make even better use of the possibilities of the individual small-scale agricultural producers to meet the growing needs of the population for high-quality foodstuffs and of industry for agricultural raw materials. In his report to the 11th Party Congress, General Secretary of the Central Committee Erich Honecker emphasized: "In the future as well, the individual production in the household plots of the cooperative farmers and workers and in the Union of Small Gardeners, Settlers and Small Livestock Breeders will find our full support. It has a permanent place in our balances and supplements the social production very effectively."

Individual agricultural production in the GDR takes place primarily in the:

- household plots of the members and workers of the LPG's and the working people of the VEG's,
- private secondary plots of the working people employed outside of agriculture, and

—branches of the Union of Small Gardeners, Settlers, and Small Livestock Breeders (VSKS).

The individual small-scale producers make a considerable contribution to supply both through sales as well as through production to meet their own needs. In 1986, their share of the gross agricultural product was 9.3

percent. They produce mainly vegetables, fruit, flowers, eggs, wool, rabbits, water poultry, beef, and pork as well as fine furs. Whereas they have an insignificant share of the main crops grain, potatoes, and sugar beets sold to the state, they hold a substantial position in the case of fruit and vegetables as well as in the production of ornamental plants (Table 1).

Table 1. Development of the State Availability for Important Products and Share of the Individual Producers in the Market Production (1986)

Products	1981	1985	1986	1985/86, percent of 1981	Share of Market Production, Percent
Fruit, thousands of tons	170.8*	288.5	153.4	124.9	19.2***
Vegetables, thousands of tons	151.0*	172.6	170.6	104.7**	17.0***
Tobacco, tons	1,118	2,576	2,657	237.4	41.5
Slaughter cattle, thousands of tons	68.4	79.4	78.4	115.2	10.3
Slaughter pigs, thousands of tons	191.5	290.6	233.6	122.0	13.9
Slaughter poultry, thousands of tons	3.7	11.3	13.9	375.7	...
Rabbits, thousands of tons	13.5	33.9	41.2	305.2	99.9
Chicken eggs, millions	1,878	1,728	1,663	88.6	33.9
Honey, tons	3,037	5,091	7,516	247.5	98.5
Wool, tons	1,616	2,213	2,341	144.9	30.3
Fine furs, thousands	189.8	261.3	295.8	155.8	42.0
Freshwater fish, tons	578	1,061	1,231	213.0	...

*Average of the years 1981 through 1983

**1984/86 compared with 1981/83

***in terms of value

The volume of the individually produced agricultural products increased substantially in the period 1981 through 1986, whereby the greatest part of the increase comes from small producers who are not employed full time in agriculture. The state availability from individual production increased by about 30 percent. The working people organized in the VSKS account for a large share of this growth. The purchases from individual production increased especially rapidly for slaughter poultry, rabbits, and tobacco (Table 1).

In the main, this positive development of individual small-scale agricultural production in the GDR continued in 1986 and 1987. It is the result of a clear agricultural orientation of the SED. That was again confirmed at the 13th Congress of GDR Farmers.

Individual Small-Scale Agricultural Production—An Integral Part of the Agricultural Conditions of the GDR

The individual small-scale agricultural production in the GDR is characterized by the fact that it is primarily accomplished by the working people in addition to their main occupation in social production. It is based directly on the personal property of these working people, whereby there may be an intermittent use of public property, as well as on their individual activity and that of family members that is likewise performed in addition

to their main occupation or as unemployed persons (housewives or pensioners, for example). This small-scale production is neither the actual basis of their material livelihood nor their main source of income. In accordance with its nature as a form supplementing large-scale agricultural production, it is primarily aimed at the development of economic resources that are not utilized in the LPG's and VEG's. That involves both the manpower potential as well as the utilization of residual and fragmented areas and small stalls.

In its agricultural policy, the SED is continuing to proceed on the basis that the individual agricultural production has objective reasons resulting from the level of development of the agrarian productive forces and the socialist production relations. This form of agricultural production is neither a relic nor an incipient form of capitalist production relations in socialism. Through manifold economic and social relations, rather, it is closely linked with the socialized production, whereby the individually expended labor takes on certain general characteristics of work in socialism. Nor is it an alternative to large-scale agricultural production but it is a sensible supplement to the production in the LPG's and VEG's.

The existence of the individual small-scale agricultural production in the GDR and the necessity for its promotion in the society can be attributed mainly to three sets of causes.

The first set of causes for its existence is the development of the productive forces in association with peculiarities of agricultural production. The differentiated possibilities for mechanization in the production of plant and animal products, the very different degree of mechanization achieved in each case, and the differentiated suitability of these products—on the basis of their biological nature—for large-scale production all have a significant influence on the scope and structure of small-scale production. For technical, technological and efficiency reasons and also because of the nature of many products, it is not possible in the foreseeable future to make rational use of all plant and animal products in large-scale production.

An important aspect of the utilization of small-scale production is the very fact that with it such products in particular are produced for which there are no or not enough efficient methods for large-scale socialist production or their production is still so labor-intensive that it exceeds the possibilities of the LPG's or VEG's. The use of this path serves the goal of socialism. It is in the interests of the socialist society to promote and provide economic incentives for these directions of small-scale production.

The level of development and the specific nature of the socialist production relations constitute a second set of causes. The household plots of the cooperative farmers have from the beginning existed only in connection with the cooperative-socialist property. They were, are, and will continue to be a characteristic of this form of property, although their social content has changed and will continue to change.

The following basic relationship is and acts as the cause of the existence of the entire individual agricultural production. The efficient use of public property is the basis for the increase in the private property of the producer acquired through his own labor, which, in accordance with its social determination, serves to satisfy individual needs. The socialist production relations permit those members of the society who are personally interested in doing so to employ part of this private property for productive purposes on the basis of their own labor for the benefit of the owner and his family and for the good of the society. They require and promote this development, because it serves both to meet the specific individual material needs better and to satisfy the creative interests of leisure time and also benefits the society as a whole.

A third set of causes that is interwoven with those already mentioned involves the satisfying of individual interests and needs. The reasons and the resulting motives to pursue individual small-scale production for one's own needs and for the market are manifold and differ widely among the individual workers or social groups. Included are the interest in additional income in kind or in the form of money through self-sufficiency and production for the market and in self-supply with

products not available through the market or not sufficiently available or only at a higher cost (also included is the need for the self-produced products from the slaughter of one's own livestock and the like), the interest in the sensible and creative organization and use of leisure time, a change of work, and dealing with plants and animals. The weight of the individual motives has changed depending upon the changed conditions (e.g., income situation and overall living conditions).

Whereas, for example, in the founding phase of the LPG's the primary motive for the members to manage their own plot was that of securing a certain supply in kind and a supplemental income, the interest in self-sufficiency with products that meet specific individual nutritional needs and eating habits (such as specialties from the slaughter of one's own livestock) and the motive of the sensible, useful and creative organization of leisure time—based on rural traditions—are becoming increasingly important.

Especially in the first postwar years, small-scale agricultural production was primarily a source for the improvement of the supply of foodstuffs. The recently greatly increased interest in this production on the part of citizens who are not employed in socialist agricultural production, as expressed in particular in the growth of the VKSK, is greatly motivated by the growing interest of many people in nature, animal husbandry and gardening and by the need for recreation and the sensible organization of leisure time as well as for activities to compensate for one's chief occupation.

It is apparent from the three sets of causes that the individual small-scale agricultural production as a supplement to the production in the LPG's, VEG's and other socialist agricultural enterprises is a socially necessary component of agriculture in the GDR in accordance with the requirements of the economic laws of socialism and, therefore, is to be promoted.

Promotion and Support of Individual Small-Scale Producers by the Socialist Society

The development of the individual small-scale agricultural production and the even better and systematic exploitation of its economic and social potencies have not been left to their own course in the GDR. In the 1980's, proceeding from the corresponding agricultural-policy orientations of the SED, a system for social promotion and support that includes not only economic and social elements but also many forms of political work in rural areas was developed more intensively.

The socialist agricultural enterprises play a crucial role in the system of social promotion of the individual small-scale agricultural production in the GDR. The LPG's and VEG's occupy a key position, especially relative to the private plots of the cooperative farmers and workers

of socialist agriculture, from which about half of the individually produced products come. Some important directions in the support of private plots by socialist agricultural enterprises are:

- provision of seed from social production,
- delivery of young animals, seed and seedlings at favorable prices,
- mediation of contractual agreements between the small-scale producers and the concerned processing plants or trade organizations, and
- veterinary or phytopathological care of small-scale production for the appropriate fees.

As a rule, these services are provided for enterprise members under preferential conditions that probably also contribute to the economic stimulation of private plots and, with the correct link with social production, strengthen the interest in the further development of the enterprise, the LPG or the VEG.

But the socialist agricultural enterprises are also making a growing contribution in their support of branches of the VKSK, LPG's, GPG's [horticultural producer cooperatives] and VEG's that produce fruit and vegetables and help branches in their territory with such measures as soil cultivation, fertilization, plant protection, pruning of fruit trees and the rational utilization of fruit and vegetables. There are likewise analogous links between the animal husbanders and breeders of the VKSK and socialist agricultural enterprises for animal husbandry. They also help to increase the influence of the LPG on the development of small-scale production in the territory and to guide it into a socially useful direction.

An important condition for the development of individual small-scale production is its provision with technical means of production and services. In addition to the provision of primarily agricultural means of production for the private plots of the cooperative farmers and workers through the LPG's and VEG's, the Peasant Mutual Aid Association (VdgB) with the Peasants' Trade Cooperatives (BHG) resolves major tasks in the provision of small-scale production with the means of production and services. In addition to the development of production reserves in the cooperative sector, the mobilization of members for increased cooperative production, and the improvement of their efficiency, the economic activities of the VdgB are primarily aimed at promoting and supporting the development of small-scale agricultural production. The initiatives developed by the VdgB and the material and technical preconditions established for them are manifold.

Essentially they can be summarized in five points:

1. Organization and development of activities to support and promote the small-scale agricultural production in the organizations.
2. Supply services for the small producers.
3. Services to develop the private small-scale agricultural production.
4. Services in the processing and marketing of products of small-scale production.
5. Production of the means of production for the development of private small-scale agricultural production.

In recent years, the network of trade facilities of the BHG's has been substantially expanded and consolidated for the purpose of better providing the individual small producers with specific means of production (Table 2).

Table 2. Development of the Supply and Services Network of the BHG's

Quantity	1975	1980	1986	1986:1975, Percent
BHG's	354	273	273	77
Supply and service facilities	1,979	1,981	2,436	123
Supply bases	—	—	4,144	—
Lending bases	623	1,770	3,638	584
Acquisition value of hired equipment, millions of marks	1.08	16.17	37.0	3,426

The supply services of the VdgB-BHG's to the cooperative farmers, the members of the VKSK and the remaining village population are an integral part of individual production. Without the continuous provision of special means of production adapted to the conditions of small-scale production by the BHG's, small-scale production in the countryside is not now thinkable. The commodity turnover for the population realized by the BHG's more than doubled in the time period between 1975 and 1988.

In 1988, the rural population acquired goods amounting to 3.1 billion marks in the sales facilities of the BHG's.

In addition, on behalf of the nationally owned grain enterprises, the BHG's supply a substantial part of the needs of small producers for concentrated feed. This work also makes a significant contribution to providing the material prerequisites for a continuous production of animal products.

Among the services of the BHG's for the small agricultural producers that expanded greatly especially in 1980's is the lending service for the means of production. The number of BHG-lending bases increased from 623 in 1975 to 3,638 in 1986; the acquisition value of the hired equipment increased in the same period from 1.08 million to 37.0 million marks.

With the current supply network of the BHG's, almost 93 percent of all villages are served by a BHG sales and services facility. To meet the growing demand of small producers for the means of mechanization, not only is an increase in the self-production of simple means of production through the BHG facilities necessary but also a further increase in the total commodities available or an expansion of the assortment through new industrial products. In the provision of the means of production, it is important to consider the specific requirements for the respective territories.

The temporary provision of working tools, especially construction machinery and equipment, will attain growing importance for individual small-scale production. In addition to the use of this equipment for the modernization of housing space through remodeling and expansion, it makes it possible for many small producers to improve their production conditions systematically at relatively small expense or to establish the material and technical preconditions for this production. This also promotes the expansion, reconstruction and new construction of stalls.

The supply effectiveness of individual small-scale agricultural production is determined not only by the production but also by the circulation. For those products that do not serve in on-farm consumption, commodity circulation is an objectively existing connecting link between production and consumption. To a considerable extent, therefore, whether these products become fully supply effective and actually reach the final consumer and thus help to raise the standard of living of the population depends upon the rational organization of the circulation channels.

Far more than 80 percent of the products produced by small agricultural producers beyond their own needs are purchased in the GDR by nationally owned and cooperative processing and trade enterprises. It is thereby important that the purchasing of the products of plant and animal production be separated legally and organizationally. The organization of the purchase of animal products is the responsibility of the enterprises of the VEB combine for the preparation of animal raw materials and fur-bearing animal production, the nationally owned poultry enterprises, and the meat and dairy combines. They organize the purchasing in the territory in close cooperation with the local state agencies, the VdgB, the VKSK, the socialist agricultural enterprises and retail trade.

Several performance sectors of the national economy are also involved in the purchase of plant products from

small-scale production. Besides the combines for fruit, vegetables, and food potatoes, the consumer cooperatives and the state retail trade enterprises, direct purchases are also made by processing plants, factory canteens, and other facilities with public catering (kindergartens, day nurseries, retirement homes, and rest homes). In 1985, there were about 18,000 purchasing offices available for the purchase of fruit and vegetables alone. Thus there is a capable network of purchasing offices for fruit and vegetables that can market the fruit and vegetables produced by small producers beyond their own needs over a wide area. At the present time, there are possibilities for the purchase of smaller quantities of fruit and vegetables in practically every larger inhabited place. Of the approximately 18,000 purchasing offices, 2,500 are operated by the enterprises of the combines for fruit, vegetables and food potatoes (wholesale trade enterprises). It is especially in the regions and districts with a traditionally high availability of fruit and vegetables from small-scale production that the purchasing offices also realize the largest part of the other plant products to be purchased.

The farmer's, weekly, fruit and vegetable markets are a specific form of the marketing of plant products. In recent years, they have proven themselves as regular or seasonal purchasing forms by virtue of the initiative of the local state agencies, the VKSK branches, the local VdgB organizations, and the socialist trade enterprises. The number of markets has increased noticeably, especially in the small and medium-sized towns. There were 410 fruit and vegetable markets in operation in 1982, 427 in 1983 and more than 500 in 1986. The small producers account for a growing share of the turnover.

The farmer's, fruit and vegetable markets in the GDR are organized and controlled directly by the socialist state. The local state agencies determine not only the location, market days, and operating hours but also the price in effect for the market day. They employ a market manager to organize the course of the market and to supervise the sale in accordance with legal regulations. As authorized representative of the local state agencies, the market manager is accountable only to them. Other measures of state market promotion, however, are:

- the collection of a symbolic market fee,
- the guarantee that unsold commodities will be purchased by the socialist retail enterprises, and
- the provision of packaging or storage containers for fruit and vegetables.

Besides marketing, job processing is a second means of raising the supply effectiveness of small-scale agricultural production. Although in the budget the preserving of such products remains the primary form of processing to meet the producer's own needs, job processing—especially of fruit and vegetables—will become substantially more important. That has to do mainly with the

increasing production and the growing on-farm consumption of fruit and vegetables. They bring about a greater interest of the small producers in more highly processed products (must, wine).

The BHG has a growing role in the job processing of fruit into juices, musts and cider. With the maintenance of the existing capacities in the nationally owned fruit and vegetable processing enterprises, the expansion of job processing will take place mainly through processing capacities of the BHG's. In 1986, the BHG's had 31 musting plants and 320 must bases.

An important element of the social promotion of individual agricultural production is its economic stimulation through prices. In the GDR in 1984, the producer prices for the individual small-scale production were redetermined in the scope of the agrarian price reform. The objective pursued thereby was to make the small producers more willing to provide quite specific products of animal and plant production as market products necessary from the point of view of the national economy, division of labor and supply policy. That was achieved primarily through a differentiated price increase for individual products. This stimulated a deliberately expanded market production of traditional products (slaughter cattle, rabbits, honey, wool, tobacco, and such varieties of fruit and vegetables as apples, pears, plums, cucumbers, tomatoes, and asparagus) or the production of products previously purchased only in small quantities so as to become more supply effective (geese, turkey hens, ducks, medicinal plants and spices, flower bulbs, and such special varieties of fruit and vegetables as cherries, gooseberries, and currants). Because of the stability of retail prices, it was assumed that the historical relationship between on-farm consumption and market production changes in part markedly with the higher economic stimulation of sales.

The development of individual small-scale production is also favored by the appropriate tax regulations. In general, the income from the individual production by the members of the LPG's and agricultural workers and employees in the scope of private plots as well as by members of the VKSK (except breeders of fur-bearing animals and dogs) is not taxed. Other individual producers that earn income from the sale of animal products must pay taxes when their annual sales exceed 7,000 marks.

In general it can be stated that individual small-scale agricultural production in the socialist society of the GDR:

- is a politically important factor, because the needs and interests of millions of working people are linked with it,
- is an economically important factor, because it ensures a certain part of the provision of the population with foodstuffs, and

— is a socially important factor, in that production occurs with parts of private property, contributing to a better satisfaction of the material and cultural interests of the working people.

For these reasons, the policy of the comprehensive promotion of individual small-scale agricultural production will remain a concern of the SED's agrarian policy in the future as well.

HUNGARY

One-Year Overview Of Economic Stabilization

Program

25000005 Budapest *HETI VILAGGAZDASAG* in Hungarian 17 Sep 88 pp 50-56

[Article by Ivan Peto and Istvan Rev: "Tell Me: What Differs? One Year of the Stabilization Program"]

[Text] "We cannot afford to base our actions on desires instead of realities," Premier Karoly Grosz thus summarized his political creed in one of his interviews. His government's stabilization program was enthusiastically accepted one year ago by members of the National Assembly. The article below examines one year of the program, as reflected in official documents and proclamations, contrasting the frequent promises with reality.

The government's three-year stabilization working program, announced on 16 September 1987, left no doubt that we would have to expect a temporary reduction of residential consumption and real wages. At the same time, the program made concrete promises regarding the standard of living and the providing of social benefits, stating that following the significant price changes tied in with the planned redistribution and tax reform of 1988, the rise in prices may level off, in accordance with the results achieved. The Premier's statement, made on 16 September 1987, elaborated on this generalization, and promised that the 14-15 percent increase in consumer prices, planned for 1988, would be moderated as early as 1989. One day later, during the parliamentary session's closing of debate, the head of the government indicated the possibility that the double-digit inflation would be reduced to 8-9 percent in 1989 and about 6 percent in 1990.

The program indicated that the transformation of the economic structure may be accompanied by "temporary tensions in employment and distribution," but promised the creation of a system that would assist everyone ready to work in obtaining new jobs and would guarantee social security during the transitional period. "In contrast to doubtful observers, we are confident that the redistribution will enable us to realize full and effective employment," Karoly Grosz said in his statement.

It sounded like a concrete promise: "In the near future, the government will work out a program for reforming wages, and this will be continuously implemented as early as 1988." Although we were told that it would be a mistake to consider the planned wage reforms as an unconditional increase in real wages, we were promised wage regulations that strive toward the development of "incentive relations and earning forms." Moreover, the Premier stated that "we cannot continue to reduce wages regardless of performance and negate the proportions, simply by referring to our economic circumstances."

Going beyond the general renovation of our social policies, the program made reference to a social security system, in which the initiatives and benefits augmenting regular allotments would be adjusted to the social situation of families and to changes therein, and whereby minimal allotments and the flow of social assistance would continuously increase. On 16 September, 1987, the head of government said that central and local resources will be focused on taking care of the young, families with children, the elderly and the disadvantaged.

In accordance with the above, the program contained the main principles of pension reform to be proposed for ratification in 1988. These were aimed at improving the situation of people receiving small pensions, gradually preserving the real value of pensions, as well as broadening and developing the system of national and social care provided for the elderly. In other words, the promised pension reforms (in contrast to the planned wage reforms) have been unequivocally characterized as socio-political measures. Related to the same promise is the statement contained in the 1989 national plan: Pensioners over the age of 70 or those with disabilities will be fully compensated for increases in consumer prices (in proportion to the projected 15 percent, but amounting to no less than 330 forints a month). As for pensioners under the age of 70, they were promised a 4-6 percent increase which, according to the government, is equivalent to the inflation brought on by the tax reforms.

During the next few years, according to the program released by the Council of Ministers, the government will gradually create conditions that would safeguard the purchasing power of family allowances. This was one of the reasons for rejecting the proposal, made by several deputies, according to which the number of dependent children be considered as a moderating factors in determining personal income tax. During a December 1987 consultation session with the leaders of KISZ, the government guaranteed that the value of scholarships will be increased.

Last autumn's parliamentary session was closed by the Premier's announcement, according to which budgetary deficits will be made up primarily by reducing assistance now being received by enterprises. The process will be gradual: The 1987 deficit of 30-35 billion forints will be reduced to 15-25 billions in 1988 and a balance is projected by 1990.

The new leadership seems to have benefited from the definitive events of global politics, the world market, and even the weather. In the East and West alike, the head of the government (who in the interim also took on the burdens associated with the post of party general secretary) has found important supporters in his efforts to strengthen his political situation and broaden the scope of his economic options. It has been a long time since Hungary's economy enjoyed as good and exchange rate as now, with global prices having significantly risen in the crucial area of raw materials and even agricultural products. Due to favorable weather, agricultural production levels exceeded the average of many years, and cereal prices on the global market have seriously increased, due to the drought inflicting the United States.

According to the program, early in 1988 the government once again promised to keep inflation below 15 percent. During a profile telecast on New Year's Day, Karoly Grosz said: ". . . In 1988 [the rate of inflation] will remain below 15 percent. If, for some reason, it would rise above that, . . . we will follow it with wage increases. In other words, the gap will be no greater than what we have been planning." This was in accord with the government's promises to the National Assembly and the SZOT [National Council of Trade Unions] to introduce wage increases as compensation for the effects of inflation in the event it exceeds the 15 percent level. In mid-March the government guaranteed that in 1988 it would not put into effect any changes that would directly raise prices, costs or taxes. At the same time, the president of the Office of Prices, Bela Szikszy, remarked in a press conference that the government would not introduce any "inflation-inducing" measures (devaluation of forint or raising the price of energy) this year. The government referred to these promises in asking and expecting the enterprises to voluntarily limit their price increases. On 14 March 1988 the head of the government asserted that "the government's position is unchanged; this year we will be able to limit the rate of price increases to 15 percent." Early this summer the government spokesman, refuting a prognosis published by Financial Research, Ltd., said that certain people prophesize at mid-year, instead of waiting for the favorable turn expected in the prices of vegetables and fruit, which will bolster the efforts to maintain the 15 percent price increase level.

As early as the beginning of this year, there were loud complaints from the population concerning the rise in the prices of children's clothing and baby clothes far exceeding the estimates of economists. In order to remedy the intolerable conditions, the government within a few months raised the amount of family allowances by 100 forints per child. Changing the 25 percent sales tax rate on children's clothing would have required authorization from the National Assembly, and thus it remained in effect. However, in order to compensate for the 100-forint increase in family allowances, taxes were raised on several luxury articles (because this did not

require agreement by the National Assembly): Tobacco products became more expensive, as did beer, at the beginning of the summer season.

In addition to miscalculating the rise in the prices of children's clothing, the government also failed to foresee the significant increase in production costs, which followed the small decrease at the beginning of the year. During this period, enterprises felt less and less inclined toward restraint. This exerted a growing influence on the level of consumer prices, which increased in an increasing number of areas, such as clothes, chemical and laundry products, soaps and, in mid-summer, certain fruit juices; there was an increase in the price of gas ranges, refrigerators, freezers, color television sets, radios; late in August the price of fertilizers was increased, etc.

It was not only inflation and the projected moderation in the 1989-90 budgetary deficit that suggested that 1988 would be the most difficult year of the stabilization process; unequivocal governmental announcements also projected the same message. During the parliamentary discussion of the 1988 budget, Deputy Premier Peter Medgyesdy referred to 1988 as the most difficult year of the stabilization process; but at the same time he presented it as the year that would carry the promises of positive developments. Janos Hooa, the president of the Planning Office, said the same thing in the Christmas issue of NEPSZABADSAG: "...During 1988 we must reach the turning point which strengthens favorable economic trends while also making them irreversible." The Premier announced at the 9 May 1988 session of the Hungarian Academy of Sciences: "...when it comes to balancing the budget, the greatest burden must be assumed during 1988." Speaking before the workers' militia, as reported by the MTI on 13 January 1988, "the general secretary expressed his conviction that the country is past the difficult period and the worries, and this is due, once again, primarily to the participation of the progressive forces."

Barely two weeks later, on 4 July, in an interview with MAGYAR HIRLAP Karoly Grosz made the unexpected statement that the National Assembly demands faster progress from the government. Indeed, during the summer legislative session there were some deputies calling for an accelerated tempo in the altering of the industrial structure, but no deputy called on the government to change its program. The occasional few countering votes (which were numerically significant only on issues of personality) did not mean that the National Assembly opposed the government even once, and at no time did it veto government proposals. Around the same time, the president of the Council of Ministers implied in a radio interview that the government wished to proceed at a slower rate, but if the deputies' desire differs from that, the government must obey their will. He warned the listeners that impatience on the part of deputies would call for great sacrifices on the part of the population, but stated that the government was ready for decisive action.

The meaning of this surprising announcement soon became clear: During its July meeting, the Central Committee discussed "the economic situation, the desirable course of economic policies for the next two years and, within these, the principles necessary for developing the national plan for the next year." The meeting's documents offered alternatives: According to the so-called "Version A," emphasis would be placed on the considerations of structural change, rather than those that are aimed at combating inflation, moderating conflicts and prevent large-scale unemployment. The proposal (details of which were not fully developed) outlines fundamental changes in comparison to those that were contained in the government program. The text of "Version A" is quite clear on several points, such as that the promised 8-9 percent inflation rate will at least double in 1989, ("the 1989 rise in consumer prices may reach or exceed the rate projected for 1988,") and that outright unemployment will become a mass phenomenon ("the number of those becoming temporarily unemployed may become as high as 80 to 100,000,").

The hastily put together "Version B" vaguely resembles the program accepted by the National Assembly. (In answer to question concerning the unfinished state of "Version B," Janos Berecz asserted after the meeting of the Central Committee that it was not necessary to fully develop both versions; after all, the Central Committee accepted "Version A" with only four votes opposed, and both versions were introduced only for the sake of comparison.)

In the published debate of the MSZMP's Central Committee, no speaker took the position that an economic program containing the threats of large-scale societal conflicts, serious unemployment and problems in social care can be accepted only together with a fully developed program of societal and social policies. The Central Committee concurred that (in contrast with the letter of the government program) it would not be timely to place the bill containing pension reforms before the National Assembly.

Simultaneously with the meeting of the Central Committee, a decision was made by the government to enact measures for the reduction of the budget deficit. Answering a question in a televised interview after the Central Committee meeting, Janos Berecz said that the planned measures would involve primarily the enterprises, and that burdens on the population may result from rising interest rates in consumer credit. The following day, the government met and made a decision concerning the gasoline price increase (made public only later,) and (on the eve of the Premier's trip to the United States) concerning the devaluation of the forint. At the time, the President of the Committee for Economic Planning felt that a 17.5 percent rate of price increase could be maintained throughout the year, and official announcements in late August promised a maximum rise of 17 percent for the year. Newer announcements (including

Karoly Groz's speech on Miners' Day) include the factual statement, independent of the detailed development of "Version A" or "Version B," that next year's rate of inflation would be similar to this year's.

There was no decision concerning wage reform, or about how to preserve the value of family allowances. In spite of the fact that the school year has begun, there are no news concerning scholarship increases, or about the wage measures (promised many times) that would counter the effects of inflation above the 15 percent rate. Only a two percent raise in the pensions of those over 70 was announced on 2 October, jointly with the reduction of certain convalescent payments. In addition to the measures introduced simultaneously with the tax reforms, the government implemented another concept contained in its working program: As of 1 January 1989, they will unify the fees for programs and institutions for children and adjust them to their operating costs, regardless of social categories. In order to ease the hopeless situation of poor families and those with several children, they promised to introduce measures that are now being developed. Although this was not included among the preliminary plans, the government also made a decision concerning the salaries of highest government officials.

Since the May party congress, the leadership of the "old system" has been repeatedly characterized for exerting too much energy on maintaining continuity, emphasizing this it even when the goal was to innovate or change conceptions. However, recent official documents and resolutions still have not clarified their relationship to those made previously. The document unanimously accepted by the National Assembly in September 1987 is now generally referred to as a government program, even though it was clearly not that, only a working proposition formulated by the Council of Ministers. The difference was expressed by none other than Karoly Groz in his 16 September 1987 statement, when he said that he was not announcing a new government program after being elected because "...the government has a program ratified by the National Assembly, and the country thus as a legally instituted five-year plan." According to him, "...we do not achieve the goals set by these, but the strategic directions included in them are still valid."

Thus, the Council of Ministers' working program, which modified only "the parameters" of the five-year plan and the program announced by the Gyorgy Lazar government in 1985, had its initial momentum in the position paper accepted by the Central Committee on 2 July 1987, referred to as an economic-social program of development. This document did not invalidate the resolutions of the XIIIth Party Congress. Nor did the position announced at the May 1988 party conference, according to which "the situation report accepted at the congress, along with the goals set for economic policymaking and improving standards of living, did not prove to be well-founded." The seventh five-year plan is also still in effect; on firmer legal grounds than even the resolutions passed by the congress.

Article VII: 1985, ratified by the present National Assembly, prescribes, among other things, that in the event conditions become more detrimental than projected, the rate of stockpiling and consumption may decrease, "...but the level of average real wages and the real value of certain social allowances must be preserved." (Paragraph 93, section 3.)

Just as there is no connection between the work program greeted by the National Assembly and the current five-year and annual plans, there is none between the work program developed by the Council of Ministers and the 1988 budget, also introduced by the Council of Ministers and ratified by the National Assembly. As stated by the president of the Committee for Planned Economy and repeated several times by the Premier: "There are objective reasons why the 1988 plan and the government program cannot be in complete accord."

The Central Committee's mid-July 1988 meeting, while practically invalidating the Central Committee's one-year old development program and the Council of Ministers' working program based on it by emphatically supporting "Version A," preserved the continuity of the previous programs' validity. "We have arrived at a crucial stage in implementing the Central Committee's July 1987 program of development and the stabilization draft program developed by the Council of Ministers," said the Central Committee's economic specialist in beginning his report at the Committee's meeting.

In terms of time the programs are no easier to comprehend than their relationship to each other. According to the position taken by the Central Committee on 2 July 1987, "...in order to stop the unfavorable trend present in economic life and prepare a positive turn, we need a brief period of stabilization and a longer one of development." The government's working program embraces three years between 1988 and 1990. In his 16 September 1987 statement, Premier Groz added to this that the periods of stabilization and development are not sharply distinguished from each other; stabilization already includes elements of long-range development, the process started as early as 1987 and will continue past 1990. A month earlier, while visiting Somogy county, he spoke even more succinctly: "The program of stabilization is designed to cover three years; after that another one may be prepared to cover another three years, because, in my view, stabilization will take 5-6 years." (MAGYAR HIR-LAP, 20 August 1987.) The head of the government also declared the period of consolidation to be more or less as indicated in his interview televised on New Year's day. In his estimation, the end of indebtedness in 1991 and the halting of the decline in 1990 will be followed by recovery the process of climbing out of the hole.

At the May 1988 meeting of the Hungarian Academy of Sciences, he spoke even more decisively, taking a position on behalf of a 3-4 year-long period of stabilization. Two months later, around 8 June 1988, when the so-called "Versions A and B" were introduced, we were told

that if "Version A" (the one demanding greater sacrifices by the population) is accepted, we could look forward to a 7-8 year-period of consolidation; but it was not clear how much "Version B," (referred to as the continuation of the earlier course) would add to the 3-4 years promised previously. Karoly Grosz' interview, published the next day, on 9 June 1988, revealed that at his Moscow press conference the General Secretary and Premier promised a much longer period of stabilization than was described in the freshly accepted party documents. He estimated stabilization and development each to take about 10 years. Moreover, he responded to a newsmen's question by adding: "...The 10 years earmarked for the first task is an optimistic figure, while the time set aside for the second task bears signs of a compromise." In his NEWSWEEK interview, published in Hungarian three days later, he expressed this opinion: "Realistically, we need 10 years to implement our programs of stabilization and development."

"The government must bear the responsibility for its own work program, and it has no intention of transferring that responsibility to someone else..." we heard at the Premier's press conference held during the 16 September 1987 session of the National Assembly. Barely a few weeks before the anniversary of that statement, in his commemorative speech on Miners' Day, Karoly Grosz expressed himself this way: "...the government faced the dilemma of rigidly adhering to our earlier promises, or deviating from them in the interest of the future. We have chosen the second alternative..."

[Box, p 52]

Stagflation

Until now, the government performed the work of stabilization well; at least that is the opinion of Erno Kemenes, the deputy director of the National Planning Bureau, according to whom we were supposed to find out in 1988 whether the year-old government program is realistic at all. Using an expression from his statement made during a conference held last week, the stabilization program that emphasized improving the balance of payment in 1988 was "a jump in the unknown," and the national plan based on it contained numerous uncertain elements. For example, it presupposed that our economy would undergo fundamental restructuring, and when it came to earnings policies, it was based on large-scale savings in both the residential and production spheres.

How much of these conceptions have been realized as of now? According to the deputy director's estimation, based on the data and trends of the first eight months, it appears that the most important plan objectives will be accomplished. This judgement is primarily applicable to the country's foreign trade balance, which is projected to have a \$250 million surplus at the end of this year. The experts know that this year's improved selling situation is not due to structural price reorganizations at home, but to changes in global prices, but their views vary as to

the lasting or temporary nature of these changes. Due to the interim rise in the interest on foreign loans and the tourism revenues that fell below expectations, the deficit in our balance of payments will be greater than projected, but, according to Erno Kemenes, it will remain within manageable limits. At the same time, the plan projecting a 1988 decrease in real consumption and real wages will be implemented without changes.

The deputy director of the Planning Bureau sees the shaping of fiscal processes as deviating most from the plan. There is no sign of real increase in economic productivity. The growth of industrial production (at comparable rates) will be around one percent, and the enterprises, regardless of expectations, are not net savers. The fiscal methods presently being used have not prompted the budget and the enterprises to "share" inflationary earnings, and our system of monetary control is still in its beginning stages. Finally, the government, in order to keep the deficit of state operations within planned limits, hastily accepted a package plan amounting to 10-12 billion forints, aimed at reducing costs and increasing earnings this year.

[Box, p 53]

From the Enterprises

There is a considerable variety in the enterprises' evaluation of the past year; at least, that is the impression we get from the brief opinions of a few randomly chosen managers.

Jozsef Krausz, managing director of BUDAPRINT:

There is much talk of changes, but, unfortunately, practice does not bear this out. The starting point remains that the budget is poor and, therefore, we must withhold as much as we can from the population and from the enterprises. The devaluation of the forint was hard on enterprises, too, even though we were promised the opposite. Since the support of socialist export was unexpectedly stopped, more and more enterprises struggle with liquidity problems, and we must expect the producers of raw materials to raise their prices continuously and without warning. Under these conditions, it remains impossible to plan an enterprise's management for a year in advance. If this continues, I am afraid that there will be no enterprise to implement the government program (which is fundamentally correct), because they will be bankrupt.

Geza Papp, deputy managing director, Chair and Upholstery Enterprise:

Regardless of how good and forward-looking the government program may be, no economic regulation can recreate overnight what has been eradicated in the past 40 years; namely, the interrelationship between commodities, money and capital, which has been eradicated from the thinking of managers and enterprise directors.

Our fiscal leaders are mistaken if they think that Anglo-Saxon economic views can succeed in the economic jungle of Hungary. Looking at it from the point of view of enterprises, the introduction of the personal income tax brings simplification, but sales taxes mean that the enterprises become lastingly indebted to the national budget. As for those who deny that personal income tax can hinder performance, the issue is not that taxes are not hindering as long as there is something to withhold, but rather this: If a worker works more than 200 hours, he will receive less for each extra hour worked than if he worked only 160 hours. I ask you: Who will work without compensation, and what is this, if not the retarding effect of taxation? This should be countered by instituting grossification, but enterprises are prevented from doing this, because they are severely fined if they exceed the prescribed 2.5 percent ceiling on wage raises. A domestic enterprise is less and less able to obtain the necessary raw materials. If we do not wish to stop production, we must spend hard currency and buy the material from Austria, even though it may be of Hungarian origin. And I have not even mentioned that, because of the devaluation of forint, the already expensive Western import became even more expensive. I feel that there is a great confusion among the supervisors of national economy, and that the enterprises are condemned to be the scapegoats.

Mihaly Muszbek, deputy managing director, SKALA Cooperative:

For myself, I was reassured by the fact that the government program proved to be credible, reliable and accountable. Many people misunderstood Karoly Grosz: He did not say that they would not devalue the forint, but that if there is no need to take that step, the forint will not be devaluated. This year I, as an enterprise manager, did not have to worry that I would receive instructions that contradict each other from one day to another. The main direction is provided by the economic regulators, and they are proceeding along their own positive course. As for the SKALA Cooperative's worries, I might mention the reduction in purchasing power, but we have figured on this well in advance. The only problem would be if we were unable to satisfy the changing demands because of slow reaction by industry. There are not enough inexpensive items, and many are expensive. We also have some labor worries, because we are unable to use differentiated incentives. In sum, as an enterprise manager, I see positive changes, and I was happy to see the new democratic opportunities; the fact that, if I wanted to, I could have made my voice heard on such matters as, for example, the new law concerning associations.

Jozsef Szalay, Electroscan small cooperative:

Economic reforms take much too long to implement, and the measures introduced this year are very hard on small enterprises. The entrepreneurial tax made production so expensive that, we feel, it is hardly worth for us to work. Raw material prices change from week to week; so

we cannot make estimates. The devaluation of forint is a magician's trick, the advantage of which is entirely incomprehensible to small enterprises. We no longer believe that they will realize anything they say or write.

Mrs. Tibor Tisztaval, deputy director, COMPACK Merchandising Enterprise:

Even though COMPACK is an exceptionally stable and strong enterprise, the withholdings prevent me from doing what should be my task: The preparation of a progressive and feasible enterprise strategy. I find it unacceptable that the National Assembly considers such matters as the size and remediability of the balance of payment deficit as a simple fiscal issue. I have also heard that they want to increase [the enterprises' contribution to] social insurance by five percent. This would not surprise me; after all, I have been working as an economist in this environment for years, but I expected that under the new leadership measures of this kind would be exceptional.

As for our enterprise's situation, in a certain sense we are fortunate. For example, the devaluation of forint took place when the global price of our main import items, such as coffee, went down. To be sure, this did not mean that the system of obtaining import permits became more liberal. It was a great disappointment that, promises to the contrary, the tax reform did not bring about a decline in production costs. At the beginning of this year, when we cut the price of several of our products (such as teas and Muesli products), in order to strengthen our marketing position, the stores (who have the right to set their own prices) did not reduce retail prices. In our country, price alteration is a one-way street: When producers want to raise prices, the retailers enthusiastically support them; but if we feel that price cuts would serve our economic interests, the stores contradict us.

POLAND

Polish CEMA Debt Reviewed; Price Issues

Deemed Essential

26000148 Warsaw *ZYCIE GOSPODARCZE* in Polish
No 34, 21 Aug 88 p 9

[Interview with Prof Jozef Rutkowski, political economist, Szczecin, by Grzegorz Dowlasz; date and place not given]

[Text] [ZYCIE GOSPODARCZE] Over the past several years you have been concerned about debt problems in the context of international trade relations. For Poland, this is an especially important matter. However, it seems that the public thinks of our debt only in terms of our free-currency-exchange debt but neglects our major liabilities to our CEMA partners, especially the Soviet Union, which also burdens our economy.

[Prof Rutkowski] That is true. It can be said that our people are well informed about our relations with foreign countries, especially the problems related to international trade with countries of the II payments area. Thanks to the availability over the last couple of years of GUS data publicized by the mass media, everyone knows everything. Practically every child knows that at the end of 1987 our debt was \$39.2 billion, including about \$3 billion to the less-developed countries and about \$2 billion to the socialist countries. However, rarely if ever is another debt mentioned, namely, the approximately 6.9 billion rubles owed almost 100 percent to the Soviet Union. Also, very little is said about how this debt came about.

[ZYCIE GOSPODARCZE] We buy oil, natural gas and other raw materials from the Soviet Union. Unpaid bills become debts. Is that not obvious?

[Prof Rutkowski] But one should be aware that at the beginning of the 1980's Poland's debt and liabilities relative to the socialist countries were in balance. We entered this decade with no debt to the countries of the I payments area. It would be difficult to determine in detail how this current debt came about, but it will be sufficient to limit ourselves to prices used in trade among the CEMA countries.

The so-called 'stop' progressive prices that have been in use since 1975 are adjusted annually on the basis of prices of the preceding 5 years. In itself this system did not cause greater concern because the prices reflected world market prices even though, in fact, they lagged greatly. These prices are subject to various seasonal and market fluctuations. However, overall they are considered equilibrium prices, and no one has developed a better economic category that shapes international trade relations more equitably than equilibrium prices, which, after all, we strive to achieve in our domestic economy. Nonetheless, equilibrium prices should not be established arbitrarily as is done with the currently obligatory 'stop' prices.

[ZYCIE GOSPODARCZE] What is wrong with them?

[Prof Rutkowski] I would like to refer to the Ninth CEMA Session that was held in 1958 in Bucharest. At that time it was determined that 'stop' prices would be based on average 5-year world prices that were purged of seasonal and market fluctuations, and the effects of speculation and monopolistic practices that distort equivalency of trade in the world market. This was a matter of concern because these prices should have been mutually beneficial for all CEMA countries. In practice this principle, which was implemented after 1975, did not apply to highly monopolized commodities and goods, especially crude oil and other hydrocarbon fuels. Among other things, the monopolistic prices established by the OPEC international cartel were carried over to the CEMA countries without any changes.

[ZYCIE GOSPODARCZE] But in the case of crude oil, starting last year these 'stop' prices began to decline.

[Prof Rutkowski] That is true, they are declining gradually. However, they are falling very slowly. We will feel the effects of the high, monopoly world prices at least till 1990, and it should be remembered that 2 years ago price levels were not even one-half of the levels at the beginning of the 1980's. If the principle of 'stop' prices as presently constituted remains unchanged, then the price of oil in the CEMA countries will be at the excessive level of about \$18 per barrel even after 1990. It should be stated clearly that if the 'stop' system of prices is not purged of the effects of monopoly prices then we should not expect equivalency of trade for a long time to come. Of course, this affects export volume as well as the debt we are discussing.

[ZYCIE GOSPODARCZE] Reports from the last CEMA meeting in Prague indicate these problems are now on the agenda. If these problems are not resolved it will not be possible to create an integrated market for the socialist countries.

[Prof Rutkowski] Let us continue to discuss prices. In past years the problem of revising the system of prices and changing the rules for their implementation have been discussed at CEMA sessions, and not only in Prague. No binding decisions have been made to date. A definite concept has not even evolved. We must determine which system would be a proper one guaranteeing equivalent trade. Equivalence is necessary to expand mutual trade and, in the far future, to create a common market for the CEMA countries.

[ZYCIE GOSPODARCZE] Our Polish experiences tell us that prices are a hard nut to crack. If we are unable to do it domestically, what can we expect concerning the different economies that exist in the world?

[Prof Rutkowski] It is a difficult problem, but it must be resolved. A common international market or any normal market cannot function when prices are not properly determined, either instantaneously or in a planned way. Prices should be based on market equilibrium conditions that take into account production costs in specific countries and the purchasing capabilities of the importers. Only then can real internal prices, expressed in the given country's currency, be a starting point for determining foreign trade prices.

[ZYCIE GOSPODARCZE] All well and good, but each country can have a different concept concerning real prices.

[Prof Rutkowski] I have already mentioned costs. Today, in practice, production costs are taken as the starting point because it is the only basis on which one can justify any kind of price. An equilibrium price is not something voluntary or a preordained figure. Margins for various social needs are added to costs incurred by

producers. To what extent an equilibrium price deviates from the social costs of production depends on supply and demand and other market forces. In addition, striving for correct domestic prices as a basis for international trade would require at least the standardization of economic policies concerning duties, various margins for social purposes, amortization deductions and deductions for employee benefits. That is how it is in the EEC countries where economic policy has become so coordinated that prices fluctuate up or down based on the same principles. CEMA must also strive for this if integration is to become a fact.

[ZYCIE GOSPODARCZE] Of course, in thinking about integration and prices, the concern is not exclusively about equivalency of trade or expansion of turnovers.

[Prof Rutkowski] Of course not. Properly established domestic prices can initiate new approaches to international cooperation. It is important to know what a good is worth, for example, in Polish currency. But at the same time a potential importer wants to know how much it will cost him in his currency. Only such a comparison enables one to determine if the price is high or low, if the exporter's costs are excessive and it may be worthwhile to turn elsewhere, or if one should initiate production on one's own. This is the only way one can determine price levels in an objective way, one that would lead to the expansion of international specialization. Only that country would be a supplier to other CEMA members that in this competition can produce at lower costs or, generally speaking, offers better quality products.

[ZYCIE GOSPODARCZE] Once again we run into the same barriers. To date it is acknowledged that we must depend on world prices expressed, in general, in dollars which are then converted to transferable rubles.

[Prof Rutkowski] There is no real need to convert world prices to transferable rubles because these prices can be converted into any free currency or Polish currency. In their relations with the II payment area, Hungary and Poland are beginning to use current real exchange rates. I do not believe this would be especially difficult to do in other foreign countries if they are psychologically ready to do so. Real exchange rates will permit accounts to be settled in domestic currencies, which is the only way to approach convertibility of currency because only domestic currency and not the transferable ruble indicates directly domestic outlays and costs and is a realistic economic category, of course, taking into consideration the previously mentioned stipulations concerning the formation of prices. Taking all this into consideration, it should be stated clearly that the time has arrived to expose the transferable ruble, instituted in 1964, as fiction. It does not function as a currency, instead it is only an exchange rate conversion. Thus there is no reason to use it because it cannot be used to make direct payments. Conversion to transferable rubles is only sensible in that it serves as a record of goods turnovers among all the CEMA countries.

[ZYCIE GOSPODARCZE] Nonetheless establishing true exchange rates in practice may be somewhat difficult.

[Prof Rutkowski] It is not complicated if domestic prices are first set in order. In the modern world it is generally accepted that exchange rates reflect purchasing power parity. For example, if on average one can purchase as much in Hungary for 1 forint as one can purchase in Poland for 2 zlotys, then, according to this purchasing power relation, the exchange rate should be set at 1:2. One can approach other currencies in a similar manner. There is no justification for the belief that it is too difficult to achieve true exchange rates. After this stage is completed, nothing will prevent current Polish currency from being mutually convertible and from achieving full value. Then international settlements can finally be conducted without problems. I should add that with convertibility the existence of an international currency such as the transferable ruble or the ECU used within the EEC countries cannot be excluded, but they are not essential units. However, if the situation demands it, such an international currency can be introduced from the technical side without difficulty.

[ZYCIE GOSPODARCZE] We began the interview with a critique of the principle of progressive 'stop' prices and ended with a discussion on trade based on clearing of accounts in domestic currencies and properly established mutual exchange rates. These conceived principles can promote the expansion of trade and the creation of joint enterprises, which, even now, are forming. Thus, we are on the right path.

[Prof Rutkowski] This is barely the beginning of the road. Our real concern is to increase the tempo. We do not know much about specific ascertainties, for example, in the realm of common policy concerning the stipulation of domestic prices from which, as I said, we must begin. In addition, another defect of progressive prices should be emphasized strongly. Progressive prices are changed once a year and are obligatory throughout the entire year. This negates the basic principle of prices in which, as an economic category, flexibility is a major characteristic. Prices can and must change depending on the relation between supply and demand, and other market conditions. Also, a price established for any length of time is not a true price. Thus, with the creation of the new principles of cooperation within the CEMA framework, prices should also be changed in relation to the conditions forming them. I imagine that instead of changing prices once a year it would be good to allow price changes depending on market conditions, just as is done today with convertible exchange rates on a daily basis. After all, a transaction takes place in a given place and time, and there is no reason to avoid prices that reflect a specific condition.

[ZYCIE GOSPODARCZE] Thank you for the interview.

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